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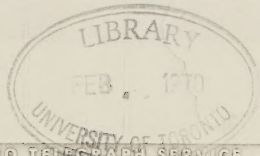
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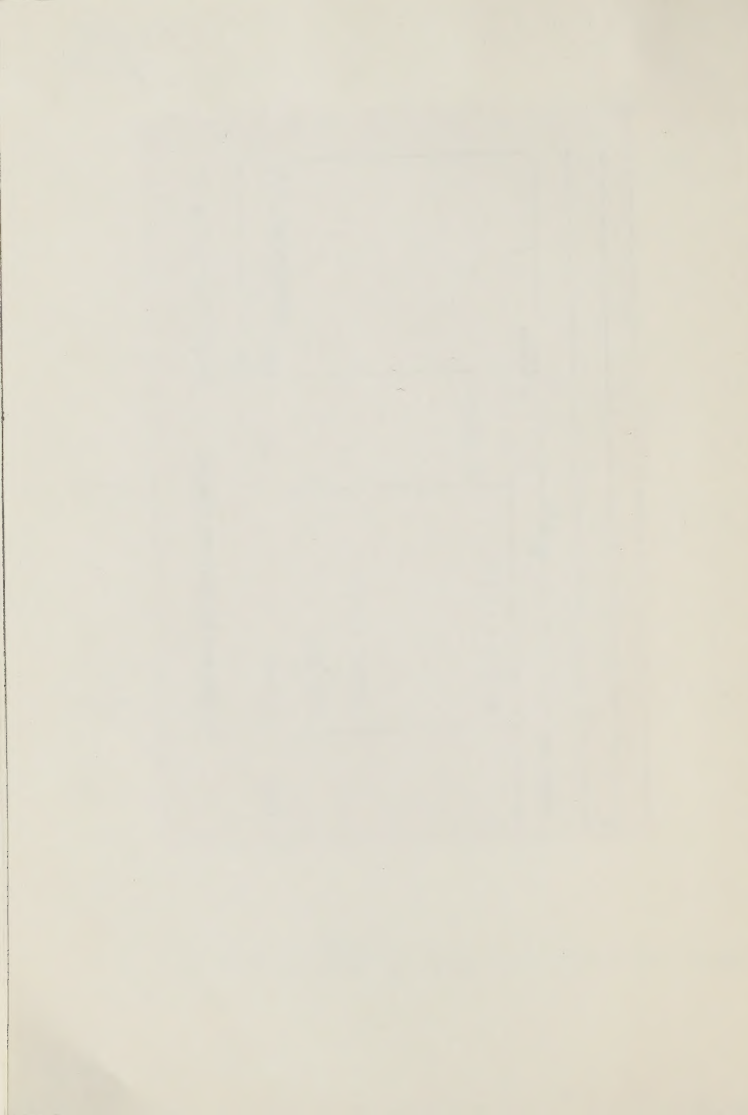
Canada

CANADIAN OVERSEAS
TELECOMMUNICATION
CORPORATION



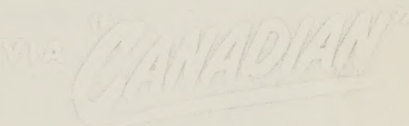
WORLD WIDE CABLE AND RADIO TELEGRAPH SERVICE

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1950 / FIRST ANNUAL REPORT



CANADIAN OVERSEAS
TELECOMMUNICATION
CORPORATION

WORLD WIDE CABLE AND RADIO TELEGRAPH SERVICE

**BOARD
OF
DIRECTORS**



D. L. Howard, Westmount Que. (Chairman)
R. M. Brophy, Toronto, Ontario
Lt. Col. Henri Gagnon, Quebec, Quebec
Major J. H. Hamilton, Vancouver, B.C.
Lt. Cdr. C. P. Edwards, Ottawa, Ontario

MANAGEMENT

President and General Manager

D. L. Howard

Executive Assistant to the President & General Manager

D. F. Bowie

Secretary-Treasurer

R. J. Cassidy

Chief Engineer

L. S. Payne

Manager, Personnel & Public Relations

C. A. O'Brien

[illegible]

March 31st, 1951

The Honourable Lionel Chevrier, K.C., M.P.,
Minister of Transport,
Ottawa.

Sir,

In accordance with the requirements of Section 23 of the Canadian Overseas Telecommunication Corporation Act, the First Annual Report of this Corporation is now submitted. This report covers the period January 1st, 1950 to December 31st, 1950.

Inasmuch as this is the first report, it is appropriate to make reference to the events leading up to the inauguration of this new Crown Corporation. Parliamentary sanction of the Canadian Overseas Telecommunication Corporation Act (1949) paralleled similar action on the part of other Governments of the Commonwealth, which was designed to set up National Bodies for the purpose of consolidating and strengthening the radio and cable systems of the Commonwealth.

The Commonwealth Telegraphs Conference held in Australia in 1942 recommended that the Commonwealth Communications Council undertake a complete review and study of the communications system of the Commonwealth, its main purpose being the production of a plan which would ensure future provision for the development of wireless communication and proper co-ordination between wireless and cable communication.

The Council, in reporting its findings, suggested that it had become imperative to consolidate and strengthen the wireless and cable systems of the Commonwealth, and, unanimously recommended public ownership by all the Commonwealth Governments of their respective overseas telecommunication services.

In its report, the Commonwealth Communications Council further indicated that this step would realize the main principle of the Statute of Westminster—namely, the establishment of partnership rather than control by one partner of the others, and at the same time, local sovereignty would be safeguarded.

As a result of this recommendation, an Agreement titled "Commonwealth Telegraphs Agreement", was signed by the representatives of the Commonwealth Governments on May 11, 1948. Under the provisions of this Agreement, each Partner Government was committed:

- (a) to acquire the external telecommunication assets operating within its territory with the exception of "Cable Heads".
- (b) to nominate an existing Department or establish a public corporation to be known as "The National Body" for the purpose of acquiring, operating and maintaining such assets.
- (c) to representation on a "Commonwealth Telecommunications Board".

In consequence, the "Commonwealth Telecommunications Board" replaced the Commonwealth Communications Council.

Ratification by Canada of the Commonwealth Telegraphs Agreement provided this country with a seat on the Commonwealth Telecommunications Board, our representative being Major J. H. Tudhope, and Canada now has a voice in determining policy concerning matters affecting World-wide as well as Commonwealth telecommunications. Canada also became obligated thereby to establish an organization for the purpose of acquiring, operating and maintaining the overseas telecommunication services in Canada operated by Cable and Wireless Limited and Canadian Marconi Company, and, the Corporation was brought into being.

Although it was not until June 7th, 1950, that the Corporation was able to proceed with the authorized expropriation of the assets in Canada of Cable and Wireless Limited and Canadian Marconi Company, it is considered opportune to bring to your notice that, despite the short time which elapsed from the date of expropriation to the end of the fiscal year, the obvious difficulties attendant upon such proceedings together with merging and co-ordinating operations and staff of the two predecessor companies, adminis-

tration has been such that obligations under the provisions of the Commonwealth Telegraphs Agreement are being met and services maintained and developed to meet present and anticipated future needs.

The employees of the predecessor companies have been taken over by the Corporation and have shown keen interest in the welfare of the Corporation, a fact which augurs well for maintaining a high spirit of co-operation and well-being. They have readily joined with Management in the task of forging co-operative and collective action towards attaining for Canada a position of leadership in the field of world telecommunications.

Before dealing with the specific aspects of operations, and the attendant financial segments within the structure of the Corporation, as outlined in the following pages of this initial report, I must emphasize that we have to bear in mind our position in a highly competitive field. The Management, in conducting its everyday business, must never lose sight of the fact that Canada's position, in the field of telecommunications, is vastly more complex and difficult compared with that of other Partner Governments, in that this Corporation has to compete with other telecommunications services, which are privately owned. Our future policy and the quality of our service must, therefore, be developed having regard to that fact.

Expropriation

On June 7th, 1950, by authority of Orders-in-Council, P.C. 2775 and P.C. 2776, the Corporation expropriated the external telecommunications assets in Canada, (with the exception of "Cable Heads"), owned by Cable and Wireless Limited and Canadian Marconi Company. Negotiations in connection with payment for these assets have been carried on and I am pleased to report that a mutually satisfactory agreement has now been reached with Cable and Wireless Limited. Negotiations with Canadian Marconi Company still continue but a settlement is expected in the near future.

The Corporation negotiated purchase of the building at 211 St. Sacrament Street from Canadian Marconi Company and this property is now the Head Office of the Corporation.

Description of Services

As a result of the expropriation of these external telecommunications assets, the Corporation now operates the Canadian terminals of cables across the Atlantic and Pacific and with the West Indies through Bermuda. Radiotelegraph services are maintained between Montreal and the United Kingdom, Australia, Barbados, New York, St. Pierre and Miquelon,

and radiotelephone services with and via the United Kingdom and the West Indies.

Co-ordination of Wireless and Cable Services

The cable facilities expropriated from Cable and Wireless Limited in Montreal are at present located at 204 Hospital Street. We are, however, actively engaged in providing for the unification of both radio and cable services in our Head Office at 211 St. Sacrament Street. These plans are well advanced and, despite some difficulties in obtaining essential materials at this time, it is confidently anticipated that unification of operations will be accomplished within the next few weeks.

Rates

As a result of decisions taken at the International Telegraph and Telephone Conference, held in Paris in 1949, a considerable revision of the classifications of telegrams and tariffs took place. These came into effect on July 1st, some three weeks after the Corporation had commenced operations. In making the changes called for by the decisions of the Paris Conference, the Corporation's policy was based on the premise that in adjusting the rate structure, revenues should be maintained substantially at the same level.

7 | VIA "CANADIAN"

Message Forms

In keeping with the significance of a wholly Canadian Corporation, a new telegraph blank was designed bearing the Corporation's routing instructions. These instructions are designated through the use of the term "VIA CANADIAN", which has produced very favourable public reaction and results.

I am happy to be able to report increased public acceptance of the Corporation's services which is evidenced by a steadily increasing volume of traffic. It is confidently anticipated that the new slogan "VIA CANADIAN" will serve further to encourage the use of the Corporation's facilities because of its pointed reference to the Canadian composition of the Corporation.

Staff

Prior to the commencement of operations a letter was directed to employees of the predecessor companies engaged in overseas' operations indicating that the Corporation was desirous of retaining their services and giving a broad outline of the intentions of the Corporation insofar as conditions of continuing employment were concerned.

As a result of certification of Canadian Communications Association, Local No. 6, Radio and

Cables Department, ACA-CCL, on February 16th, 1951, as the bargaining agent for the employees of the Corporation, negotiations with the Union Committee were undertaken. At the time of submitting this report, Management and Union are optimistic that agreement will be reached in the immediate future.

Active steps have been taken to inaugurate a Group Insurance Plan and a Pension Fund, and at the last meeting of the Board of Directors approval was given to the adoption of the schemes submitted.

Financial Statement

In conformity with Section 22 of the Canadian Overseas Telecommunication Corporation Act, the accounts of the Corporation, audited by the Auditor General, are submitted herewith, along with his report.

The Act came into force on January 1st, 1950, as fixed by Order-in-Council P.C. 6565, dated December 29th, 1949. In consequence, the statement of Income and Expenditure is for the period January 1st to December 31st, 1950, but the Corporation began operations as a unit in the Commonwealth Telecommunications network as of April 1st, 1950. Inasmuch as the expropriation of the external telecommunications assets

of the Canadian Marconi Company and the Canadian facilities of Cable and Wireless Limited did not take place until June 7th, 1950, the predecessor companies operated the assets for the account of the Corporation from April 1st, 1950, to the date of expropriation.

The value of lands, buildings and equipment shown on the Balance Sheet as \$2,757,318.29 includes an arbitrary figure in respect of expropriated assets for which settlements have not yet been reached. Correspondingly, an arbitrary amount is included in Accounts Payable to provide for this liability. After settlement, these amounts will require readjustment as will the reserve for depreciation.

The provision of \$80,000.00 for adjustments in the Corporation's share of Commonwealth Telecommunications network expense (Appendix A), has been included as an expense of operation. The adjustments are those which may be necessary when the Corporation is assessed for its share of the aggregate expense of the Commonwealth Telecommunications system. The system's fiscal year ends March 31st.


As required by Section 19 of the Act, an amount equal to the excess of income over expenditure for the year ended December 31st, 1950—\$87,470.00—will be paid to the Receiver General of Canada.

Acknowledgments

In closing this report, I wish to pay tribute to the Officials of the Department of Transport for their unfailing assistance and guidance during the formative stages of the Corporation, and, we are equally grateful to the Officers of the Department of Finance for their wise and valued counsel. I have been assured of their continued co-operation in the future.

In conclusion, it is my pleasant duty to express appreciation to the Officers and Employees of the Corporation for their loyal support.

Yours faithfully,

A handwritten signature in dark ink, reading "D. L. Howard". The signature is fluid and cursive, with the first name "D. L." and the last name "Howard" clearly distinguishable.

Chairman, Board of Directors.

D. L. Howard, Westmount, Que. (Chairman)
R. M. Brophy, Toronto, Ontario
Lt. Col. Henri Gagnon, Quebec, Quebec
Major J. H. Hamilton, Vancouver, B.C.
Lt. Cdr. C. P. Edwards, Ottawa, Ontario

Canadian Overseas Telecommunications

ASSETS

Cash on hand and in banks	\$ 307,07	
Accounts Receivable		397,64
Prepaid Expense:		
Inventory of operating supplies, at cost	\$ 53,198.59	
Stationery and unexpired insurance		<u>8,888.24</u>
		62,08
Lands, buildings and equipment	2,757,318.29	
Less: Provision for depreciation		<u>87,350.56</u>
		2,669,96
		<u><u>\$3,436,77</u></u>

Approved on behalf of the Board.

R. M. BROPHY, *Director.*

C. P. EDWARDS, *Director.*

BALANCE SHEET AS AT DECEMBER 31, 1950

LIABILITIES AND CAPITAL

ies:

ounts Payable and Accrued Charges	\$2,714,481.90
erve for fire loss	3,066.81
vision for adjustments in	
orporation's share of Commonwealth	
ommunications network expense, etc.	80,000.00

al:

Government of Canada—Advances	
nder Section 14 of the Canadian	
Overseas Telecommunication	
orporation Act	\$ 551,761.00

ess of income over expenditure	
or the year ended December 31,	
950, per Appendix B.	<u>87,470.00</u>

639,231.00

\$3,436,779.71

I have examined the accounts of the Canadian Overseas Telecommunication Corporation for the period from its inception, January 1, 1950, to December 31, 1950, and have obtained all the information and explanations I have required. In my opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1950, according to the best of my information and the explanations given to me and as shown by the books of the Corporation, subject to the qualifications in my report of even date.

MARCH 31, 1951.

WATSON SELLAR,
Auditor General.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

Statement of Income and Expenses
for the year ended
December 31, 1950

Income from operations \$1,021,12

Deduct:

Operating Expense:

Direct \$ 261,962.38

Share of Commonwealth

Network Expense . . \$358,018.80

Provision for adjustments 80,000.00

438,018.80

699,9

Operating Profit

321,1

Deduct:

Other Expenses:

Administration 279,124.22

Less: Sundry Revenue . . 869.90

Allowance for

Administration of

Commonwealth

Network in Canada 112,415.46

113,285.36

165,838.86

Traffic Solicitation 66,053.73

Share of Commonwealth Tele-

communication Board's Expense . . . 1,778.04

233,6

Excess of Income over Expenditure \$ 87,4

AUDITOR GENERAL'S REPORT

Ottawa, March 31, 1951

The President and Directors,
Canadian Overseas Tele-
communication Corporation,
Montreal, P.Q.

Gentlemen:

The accounts of the Corporation have been audited to December 31, 1950.

Submitted herewith are the following statements:

Balance Sheet as at December 31, 1950, to which my certificate is attached.

Statement of Income and Expenditure for the year ended December 31, 1950; the date of the Corporation's inception was January 1, 1950, although the Directors were not appointed until a date in March, and actual operations did not commence until June.

Lands, Buildings and Equipment are shown on the Balance Sheet at a value of \$2,757,318.00. By far the greater portion of this total represents amounts estimated by, or on behalf of the Corporation, to be the value of assets expropriated from predecessor companies. All settlements had not been consummated at December 31, 1950, nor up to the time of certifying the accounts for the year.

A reserve of \$87,350.00 for depreciation of the above assets has been provided. This is an arbitrary amount which will require adjustment after settlements are arrived at for the assets expropriated.

Provision for Adjustments. The first collation of expenses incurred by the National Bodies of all the Partner Governments, in connection with the Commonwealth common-user system of telecommunications, will be to March 31, 1951. To December 31, 1950, there has been included in operating expenses the sum of \$358,019.00, based on tentative arrangements with the Commonwealth Telecommunications Board.

When the Corporation is assessed for its share of the aggregate expenses of the National Bodies, the \$358,019.00 may require revision; for this purpose an estimated \$80,000.00 has been included as a liability and as an operating expense.

Yours faithfully,

Original signed by

WATSON SELLAR,
Auditor General of Canada.

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1951

Second Annual Report

VIA "CANADIAN"

CANADIAN OVERSEAS
TELECOMMUNICATION
CORPORATION

WIDE CABLE AND RADIO TELEGRAPH SERVICE

**Board
of
Directors**

D. F. BOWIE, Town of Mount Royal, Que. (Chairman).

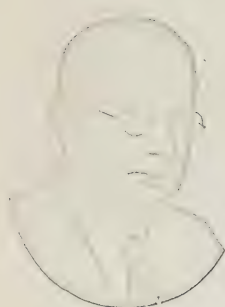
R. M. BROPHY, Toronto, Ont.

LT.-COL. HENRI GAGNON, Quebec, Que.

MAJOR J. H. HAMILTON, Vancouver, B.C.

LT.-CDR. C. P. EDWARDS, Ottawa, Ont.

Management



L. STANLEY PAYNE
Chief Engineer



DOUGLAS F. BOWIE
President and General Manager



RICHARD J. CASSIDY
Secretary-Treasurer



CHARLES A. O'BRIEN
Manager, Personnel and Public Relations



JAMES R. LAMB
Traffic Manager

MONTREAL

Traffic Production Manager G. A. Cowan
Asst. Traffic Manager (Tariffs) E. J. Ryall
Asst. Traffic Manager (Traffic) H. L. Bisailon
Superintendent (Operations) A. R. Cardno
Assistant Engineer (Cable) W. D. Fowlie
Assistant Engineer (Radio) F. A. Smith
Assistant to Secretary-Treas. L. A. Harrold
Chief Accountant C. S. Gregory

TORONTO, ONT.

Branch Manager J. B. Hicks

VANCOUVER, B.C.

Branch Manager J. W. Perry

HARBOUR GRACE, NFLD.

Officer in charge D. M. Burke

HALIFAX, N.S.

Manager H. C. Pendle

DRUMMONDVILLE, QUE.

Engineer-in-charge E. A. McWilliams

YAMACHICHE, QUE.

Engineer-in-charge C. H. R. Bird

BAMFIELD, B.C.

Manager A. Heath

March 24, 1952.

THE HONOURABLE LIONEL CHEVRIER, Q.C., M.P.,
Minister of Transport,
Ottawa.

Sir,

In accordance with the requirements of Section 23 of the Canadian Overseas Telecommunication Corporation Act, the Second Annual Report for the calendar year 1951 is herewith submitted on behalf of the Board of Directors.

It is a pleasure to record a net profit of \$195,680.00, after provision for interest charges, depreciation, obsolescence and increased cost of replacement.

Whereas the First Report covered only nine months, from April 1st, 1950, at which date the Corporation began operations as a unit within the Commonwealth Telecommunications System, this Second Annual Report covers a complete twelve months.

It was propitious for this Corporation to have been established at a time when Canada's international stature was undergoing great expansion and her position vis-a-vis the rest of the world has naturally had an important bearing on the volume of the country's overseas telecommunications.

The unstable condition of international affairs and the erratic trend of world trade render it difficult to assess with any degree of accuracy the reason for fluctuations in the use of overseas telecommunications. The generally recognized basis of world trade upon which trends could formerly be judged and assessed has had to be discarded for the time being at least and the situation reviewed in the light of current unsettled conditions. Canada's position as one of the premier trading nations of the world would, under normal conditions, have had an even more important bearing on the volume of telecommunications to and from this country had it not been that import restrictions and financial controls imposed by some countries largely precluded any particularly spectacular advance through the medium of foreign trade.

Attention may be directed, however, to some other factors whose influence on traffic has not hitherto perhaps been sufficiently recognized.

The impressive development of Canada's voice in the councils of world affairs has produced other sources of business. A glance at the map of the world showing

links of the cable, radio-telegraph and radio-telephone services connecting with the Corporation's outlets, immediately stresses the strategic value of Canada's overseas telecommunication facilities. To every known destination of importance the Corporation is able to provide immediate contact with Canada's diplomatic and trade representatives abroad.

The growth of Canada's civil aviation has placed further demands upon the Corporation's services brought about by changes in the character of communications with countries on air-line routes. The year under review has been notable because of practical accomplishment in the handling of traffic and circuits hitherto operated by air-line companies. Other plans are under consideration and the Corporation is making preparations to meet the demands which foreseeable developments in international civil aviation are likely to place upon it in the future.

Whether or not the unsettled international political atmosphere has had a retarding effect on normal business, it is nevertheless true that industrial preparedness programmes and defence production needs of countries of the western world have created a demand for communications from new and different sources. There is no evidence to indicate any prospective reversal of the rising trend in overseas telecommunications generally.

In confident anticipation of a prosperous future for the nation and, guided by the vital objective of providing for adequate telecommunication channels to meet that prospect, the Corporation has prepared suitable plans for the expansion of existing services as well as for the introduction within the scope of the Commonwealth Telecommunications Scheme a measure of independent security for Canada through additional facilities designed to ensure maintenance of operations.

TELEGRAPH TRAFFIC

An increase in revenue of approximately 30% has been achieved during the year, attributable to three main factors:

- (a) an improved volume of messages of Canadian origin,
- (b) the abolition of government preferential rates in some relations, and,
- (c) a heavier flow of traffic transiting Canada from foreign origins and destined to Commonwealth points in the Pacific.

TRANS-ATLANTIC TELEPHONE SERVICE

A reduction of 2.4% in the number of paid minutes resulted during 1951. This is entirely attributable to the adverse radio conditions pertaining during the latter half of the year. It is, however, expected that the steadily rising demand for this service will continue and steps have been taken to provide for additional capacity as well as to improve existing facilities as much as possible in order to cater for the anticipated increase.

NEWFOUNDLAND TELEPHONE SERVICE

This section of the Corporation's business shows an important increase of 20% in the number of paid minutes during the year as compared with 1950 and indicates a healthy condition for which extra capacity will be necessary in the near future.

WEST INDIES TELEPHONE SERVICE

Compared with the previous year a decrease of 14% in the number of paid minutes resulted, but it is considered that this only reflects a lack of normal business transactions between the Islands and Canada owing to sundry trading restrictions.

RADIO PICTURE SERVICE

The Corporation provides this type of service, but there is at present very little demand for it. This was, of course, increased during the recent Royal Tour and, generally speaking, it is only on occasion of newsworthy events that much use is made of this service.

STAFF

A new labour contract replacing the two separate contracts previously in force between Cable and Wireless Limited and Canadian Marconi Company and their respective operators was agreed upon and duly approved. The new contract took into consideration benefits and working conditions under both the predecessor companies as well as an adjustment in salary scales.

A Group Insurance Scheme was approved and introduced on November 1st, 1951. A Plan for a Pension Scheme has been under consideration for some time and it is expected that this matter will be finalized within a few weeks and a scheme made operative very shortly thereafter.

The measures taken under these headings have provided the staff with satisfactory conditions of employment which, it is considered, should go far towards ensuring continuing co-operation between the management and the staff and also future enrolments.

DEVELOPMENTS

Plans for the co-ordination of cable and radio operations in the Head Office of the Corporation, and referred to in our First Report, were completed and the new Central Telegraph Office was officially inaugurated on December 14, 1951.

Reference has been made in the press to restoration, during 1952, of a trans-Atlantic cable between Cornwall, England and Harbour Grace, Newfoundland, and Halifax, N.S. It is expected that this will be completed during the coming summer at which time our telegraph operations in Newfoundland will be re-established on their former basis.

EXECUTIVE CHANGES

It is with profound regret that it is necessary to record the death of the Corporation's first President and General Manager, Mr. D. L. Howard, on June 6th, 1951, after approximately 15 months in office.

Mr. D. F. Bowie was appointed as his successor by order of the Governor in Council, effective August 1st, 1951.

Major J. H. Hamilton's initial term of office as Director expired on March 14th, 1951, and he was re-appointed for a further term of three years immediately thereafter.

FINANCIAL STATEMENT

The Financial Statements of the Corporation for the year ended December 31, 1951, submitted herewith, have been audited by the Auditor General whose report also appears herein, in accordance with the requirements of Section 22 of the Canadian Overseas Telecommunication Corporation Act.

At the outset your attention was drawn to the fact that the first report covered only nine months whereas this Second Annual Report covers a full year. Moreover in 1950 the predecessor companies operated the assets for the account of the Corporation for the period April 1st to June 7th when expropriation actually took place and a management fee was paid to those companies for their services during that time. In 1951, however, the Corporation exercised control of all aspects of its operations for the whole year. It will be appreciated, therefore, that financial results as given in the Statements for each year are not readily comparable according to normally accepted methods.

The increase in traffic receipts was partially offset by heavy additional expenses arising principally from a general revision of salary scales and the introduction of the forty-hour week, as well as increased cost of materials.

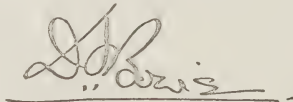
The value of lands, buildings and equipment are shown at cost except for those expropriated assets for which settlement has not yet been reached. In respect to the latter, an arbitrary amount is included in Accounts Payable to provide for this liability. After settlement, this amount will require adjustment as will the relative amounts shown as a reserve for depreciation.

Expenses for the nine months of operation in 1950 include a provision of \$80,000.00 for adjustment in the Corporation's share of the Commonwealth Telecommunications Network expense. The Corporation has not yet been assessed for its final share of aggregate expenses of the Network for the fiscal year ended March 31, 1951. It has, however, not been considered advisable to set aside any additional funds on this account.

As required by Section 19 of the Act, an amount equal to the excess of income over expenses for the year ended December 31, 1951 — \$195,680.00 — will be paid to the Receiver General of Canada.

ACKNOWLEDGMENT

In conclusion, it is a pleasure to record appreciation of the loyal support and generous co-operation rendered to the Corporation by all its officers and staff during the past year and to say that we look forward to a robust and healthy future born of our united determination to attain for Canada a foremost place in the world of communications.



President.

D. F. BOWIE, Town of Mount Royal, Que.

R. M. BROPHY, Toronto, Ontario.

LT. COL. HENRI GAGNON, Quebec, Quebec.

MAJOR J. H. HAMILTON, Vancouver, B.C.

LT. CDR. C. P. EDWARDS, Ottawa, Ontario.

NVA

Yamachiche

HARBOUR GRACE, NFLD.

YAMACHICHE, QUE.

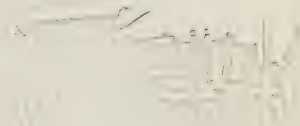
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BAMFIELD, B.C.

HALIFAX, N.S.



MONTREAL—Headquarters of the Corporation located at 211 St. Sacrament Street also houses the only communications centre of its kind in Canada. Occupying some 6,000 square feet of floor space on the second floor of the four storey building, wireless and cable services function side by side which provide a flexibility of operations to permit continuity of service under any conditions. Side by side, these two services practically eliminate the main elements of risk, delay and uncertainty.



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Canadian Overseas Telecommunications

(Established by the Canadian Overseas Telecommunication Corp.)

Assets

Cash on Hand and in Banks	\$ 396,216
Investments — Government of Canada Bonds, at amortized cost (market value \$393,600)	394,888
Accounts Receivable	270,257
Prepaid Expenses:	
Inventory of operating supplies and stationery, at cost	\$ 64,450
Rent, insurance, etc.	3,273
	<u>67,723</u>
Lands, Buildings and Equipment*	3,131,332
Less: Reserved for depreciation, obsolescence and increased cost of replacements	365,539
	<u>2,765,793</u>
	<u>3,894,877</u>

D. F. BOWIE.

President and General Manager.

Approved on behalf of the Board

R. M. BROPHY, *Director.*

C. P. EDWARDS, *Director.*

NOTE: *Expropriated fixed assets for which settlement has not yet been reached are included at provisional worth; other fixed assets are included at cost.

Balance Sheet as at December 31, 1951

Liabilities and Capital

Liabilities

Accounts Payable and Accrued Charges	\$1,741,031
Receiver General of Canada:	
Interest on advances	\$ 16,336
Employees' income tax	8,799
Unemployment insurance	1,270
	<hr/>
	26,405
Provision for Adjustment of Corporation's Share of Commonwealth	
Telecommunications Network Expenses, etc.	80,000
	<hr/>
	1,847,436

Capital

Government of Canada — Advances under Section 14 of the Act	1,851,761
Excess of Income over Expenses, for the year ended December 31,	
1951, per Schedule I	195,680
	<hr/>
	2,047,441
	<hr/>
	<u>3,894,877</u>

I have examined the accounts of the Canadian Overseas Telecommunication Corporation for the year ended December 31, 1951, and having obtained all the information and explanations I have required I certify, subject to the attached report, that, in my opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Corporation's affairs as at December 31, 1951, according to the best of my information and the explanations given to me and as shown by the books of the Corporation.

WATSON SELLAR.

Auditor General of Canada.

Canadian Overseas Telecommunication Corporation

Statement of Income and Expenses for the year ended December 31, 1951

Income

Receipts from traffic	\$ 1,662,727
Interest on investments, etc.	2,238
Sundry	1,560

1,666,525

Expenses

Operating —	
Expended in Canada	\$ 1,295,109
Less, Portion recoverable from Commonwealth network	886,412
	408,697

Corporation's share of Commonwealth network's total expenses, estimated	603,767
Share of Commonwealth Telecommunications Board's expenses	3,723
Reserve for obsolescence and increased cost of equipment replacements	93,660

Traffic Solicitation, Advertising and Publicity	105,799
---	---------

Administration and General —	
Expended in Canada	395,885
Less, Portion recoverable from Commonwealth network	163,294

232,591

1,448,237

218,288

Deduct

Prior year's adjustments —	
Interest	25,675
Less, Previously reserved for fire loss	3,067

22,608

Excess of Income over Expenses per Balance Sheet	195,680
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Auditor General's Report

Ottawa, March 27th, 1952.

The President and Directors,
Canadian Overseas Telecommunication Corporation,
Montreal, P.Q.

Gentlemen:

The accounts of the Canadian Overseas Telecommunication Corporation having been audited under my direction, for the fiscal year ended December 31, 1951, I forward herewith the Balance Sheet, as at the date of closing, supported by the Statement of Income and Expenses for the year.

The following comments are pertinent:

Lands, Buildings and Equipment \$3,131,332. For the most part this sum represents the value, estimated on behalf of the Corporation, of assets expropriated from a predecessor company. The basis on which final settlement is to be made has yet to be determined.

Reserved for Depreciation, Obsolescence and Increased Cost of Replacements \$365,539. This includes \$271,879 for depreciation and \$93,660 for obsolescence and increased cost of equipment replacements. The portion of the \$271,879 which relates to the expropriated assets referred to in the preceding paragraph, having been arbitrarily determined, is subject to adjustment when final settlement for the assets is reached. The Reserve for obsolescence is intended to meet the estimated additional cost of providing, in or about the year 1956, new equipment of more modern design to replace certain equipment now becoming obsolete. Present indications are that the Reserve will require to be augmented in the interim at the rate of \$62,440 per annum.

Provision for Adjustment of Corporation's Share of Commonwealth Telecommunications Network Expense \$80,000. As noted in last year's report, March 31, 1951 was the date to which the network expenses incurred by the National Bodies of the various Partner Governments were to have been collated and the amount contributable by each body determined. To date, the Corporation has not been advised of the results of the collation or of the amount of its share of the expenses. Pending receipt of this advice, the provision of \$80,000, made in 1950, remains unchanged. The Management consider it unnecessary to vary this provision in respect of the adjustments which will be required later regarding the provisional figures used in this connection for the period April 1—December 31, 1951.

Yours faithfully,
WATSON SELLAR.
Auditor General of Canada.

Canadian Overseas Telecommunication Corporation

1952

Third Annual Report

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WORLD-WIDE CABLE AND RADIO TELEGRAPH SERVICE

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BOARD
OF
DIRECTORS

D. F. BOWIE, Town of Mount Royal (*Chairman*)

R. M. BROPHY, Toronto, Ont.

LT.-COL. HENRI GAGNON, Quebec, Que.

MAJOR J. H. HAMILTON, Vancouver, B.C.

LT. CDR. C. P. EDWARDS, Ottawa, Ont.



MANAGEMENT

DOUGLAS F. BOWIE,
President and General Manager.

RICHARD J. CASSIDY,
Secretary - Treasurer.

L. STANLEY PAYNE,
Chief Engineer.

JAMES R. LAMB,
Traffic Manager.

CHARLES A. O'BRIEN,
Manager, Personnel and Public Relations.

L. A. HARROLD,
Assistant — Treasurer.

Executive Offices — 211 St. Sacrament St.,
Montreal, P.Q.

TRAFFIC

GORDON A. COWAN, *Traffic Production Manager*
E. J. RYALL, *Asst. Traffic Manager (Tariffs)*
H. L. BISAILLON, *Asst. Traffic Manager (Traffic)*
A. R. CARDNO, *Superintendent. (Operations)*

ENGINEERING

H. C. PENDLE, *Deputy Chief Engineer.*
F. A. SMITH, *Asst. Chief Engineer (Wireless)*
K. L. SPARK, *Branch Engineer*

ACCOUNTING

C. S. GREGORY, *Chief Accountant*

BRANCHES

HARBOUR GRACE, NFLD.
Manager-Engineer.

G. H. RYDE.

DRUMMONDVILLE, QUE.
Engineer-in-charge.

E. A. MCWILLIAM.

HALIFAX, N.S.
Manager-Engineer.

W. D. FOWLIE.

YAMACHICHE, QUE.
Engineer-in-charge.

C. H. R. BIRD.

TORONTO, ONT.
Branch Manager,

J. B. HICKS.

VANCOUVER, B.C.
Branch Manager.

J. W. PERRY.

BAMFIELD, B.C.
Manager-Engineer.

G. M. ATKINS.

Canadian Overseas Telecommunication Corporation

March 30th, 1953.

HONOURABLE LIONEL CHEVRIER, Q.C., M.P.,
Minister of Transport,
Ottawa.

Sir,

In accordance with the requirements of Section 23 of the Canadian Overseas Telecommunication Corporation Act, the third annual report for the calendar year 1952, is now submitted on behalf of the Board of Directors.

The amount of \$82,093 is shown in this report as excess of income over expense which indicates that our position in the competitive field in which we operate has been well sustained in spite of reduced income from certain sources over which we have no control. Besides the well-known factors of rising costs for equipment, materials and wages, new financial considerations have had to be taken into account.

Arising from changes in the Income Tax Act, the Corporation became liable, for the first time in 1952, for income tax which amounted to \$148,791 and this sum will, therefore, be paid to the Receiver General in the form of income tax instead of profit as in previous years.

As a result of its absorption in 1950 of the Canadian Staff of Cable and Wireless Limited, the Corporation assumed certain obligations arising from their membership in Pension Funds originally established in the United Kingdom. In order to determine the extent to which the Corporation should properly assume obligations connected therewith, actuarial advice has been sought. It has not, as yet, been possible to obtain a final recommendation but as an interim measure in order to safeguard our position, it has been recommended that a total of \$92,294 be reserved to provide for any responsibility the Corporation may have to date with respect to deficiencies in pension funds. The deficiencies mentioned have arisen from such causes as devaluation of sterling and the substantial wage increases which have necessarily been made since the end of the war.

Taking into consideration the full effect of these two items not hitherto brought into our accounts, the results of operations during 1952 compare favourably with those in 1951. This has been achieved so far in the face of steadily rising costs and without resort to an upward revision of rates, but if this trend is maintained, it will mean that increases will become necessary.

An expanding demand for our services from Canadian sources has been a noteworthy feature of the year and it is reasonable to assume that the steady development of the nation and the quality of service which, with the co-operation of our overseas associates, we are able to render to the community are directly responsible for this favourable condition. We are constantly aware that, in the interests of Canada, we have the obligation to develop service to the public to the highest possible level and in order to accommodate growing demands, which are more and more in evidence throughout the country, our programme providing for improved and additional facilities is being carried out as rapidly as possible.

Negotiations with Canadian Marconi Company for settlement for the assets expropriated from that Company on June 7th, 1950, were concluded on May 1st, 1952, and agreement was reached in the amount of \$2,500,000. This was in addition to the amount of \$276,761 for the building at 211 St. Sacramento Street, Montreal, purchased as a separate item on September 29th, 1950. As a result of this settlement, the figures in the Balance Sheet under the heading — "Land, Buildings and Equipment" — are actual and no longer estimated.

In our report for 1951, reference was made to the expected restoration during 1952 of the direct cable between Canada and England. This was achieved during August and the cable put back into operation shortly thereafter. A further new section of this route is to be laid during 1953 and, when this has been accomplished, it will provide us with the use of a completely new trans-Atlantic cable having a capacity approximately double that of the one it will replace.

The expansion programme referred to in last year's report has been developed to the extent that the first step, the provision of a new telegraph building in St. John's, Newfoundland, is well advanced and we expect to occupy the premises during the coming Summer to coincide with the cable renewal referred to in the last paragraph. Other items on the programme are in the process of development and will be covered in future reports.

TELEGRAPH TRAFFIC

Compared with 1951, business originating in Canada increased by approximately 4% during the year under review. On the other hand, traffic originating in foreign countries, transiting our routes and destined to points beyond Canada, over which we have no control and the routing of which we are not in a position to influence, decreased by 28%. The overall result was a decrease in total telegraph traffic amounting to approximately 4%. The significant feature, however, is that Canadian business attracted to the Corporation showed a steady improvement which appears to indicate favourable public reaction to the quality of service being rendered and it is further anticipated that, as a result of continuing publicity respecting facilities which we have to offer, this will be maintained. Our operations on behalf of international civil aviation, which commenced in 1951, were entirely successful and telegraph traffic from this source continued to increase.

TRANS-ATLANTIC TELEPHONE SERVICE

A reduction of 14% in the number of paid minutes resulted this year as compared with 1951. Whilst the demand for this service continues to be heavy and would normally produce a consistently rising trend, operating difficulties increased owing to the diminishing quality of radio conditions, with the result that the available amount of time for satisfactory conversation was sharply reduced. Forecasts indicate that improvement in conditions cannot be expected for another year but every engineering technique is being applied in order to obtain maximum use of existing facilities. New and most modern equipment is on order which will be of material importance and value to us in providing for the increased demand.

NEWFOUNDLAND-MAINLAND TELEPHONE SERVICE

Two new channels were brought into service on December 1st, 1952, providing direct connection across the Cabot Strait with the Maritime Provinces and at the same time substantial rate reductions were introduced in order to

bring them more into line with the general pattern of rates across the country. As the additional capacity referred to had only been in use for one month before the end of the year, any accurate estimate of ultimate financial effects cannot be made. It is safe to say, however, that the quality of the service now given over this short distance, combined with the lower rates, will result in greatly increased use of telephone service between the Island and the Maritime Provinces in particular, and the Corporation is happy to have collaborated with other interested parties in making this important advance in the interest of the general public and the business people of Canada. For the year under review, and disregarding the new channels, the number of paid minutes was maintained in spite of deteriorating radio conditions.

WEST INDIES TELEPHONE SERVICE

There was a further slight decrease in the number of paid minutes in 1952 which, however, appears to be of no particular significance as the normal demand for this service is never very heavy.

COMMONWEALTH TELECOMMUNICATIONS BOARD

A review of the Financial Arrangements between Commonwealth countries was held in London during November and December and as a result some modifications were agreed upon which will provide somewhat more equitably for Canada's functions within the Commonwealth Telecommunications System.

STAFF

The agreement between the Corporation and its Employees expired on September 30th and negotiations for a new contract were commenced at their request. A Board of Conciliation was appointed to consider points in dispute which arose during negotiations.

EXECUTIVE CHANGES

Mr. R. M. Brophy's initial term of office as Director expired on March 14th, 1952, and he was reappointed for a further term of three years immediately thereafter.

FINANCIAL STATEMENTS

The Financial Statements of the Corporation for the year ended December 31, 1952, are submitted herewith. The accounts have been audited by the Auditor General and his report is included as required by Section 87 (3) of the Financial Administration Act.

The Financial Statements are presented in a form slightly different from those of the previous years. In accordance with the Financial Administration Act, to which the Corporation became subject in 1952, the Balance Sheet and the Statement of Income and Expense have been drawn up to contain such information as is required in the case of a company incorporated under "The Companies Act, 1934".

Income for the year, including \$10,785 from investments and bank interest, amounts to \$1,579,272 and represents a decrease of \$87,253 compared with the previous year — brought about by the reduced volume of transit telegraph traffic and of overseas telephone traffic for reasons given earlier in this report. Income from investments and bank interest increased by \$8,547.

This year, as well as in the two previous years, certain expenses have necessarily been estimated. Nevertheless, some items which have been included as estimates in previous years have now been replaced by actual amounts and

the consequent adjustments are reflected in the amount of \$36,354 under the heading "Prior Years' Adjustments" on the Statement of Income and Expense. This also includes the amount provided during the current year in respect of estimated pension deficiencies for 1950 and 1951 pending determination of the Corporation's liability.

Total expenses for 1951 as shown on the Statement of Income and Expenses for that year were \$1,448,237; from this amount must be deducted \$46,316 representing adjustments which have now been made. The expenses for 1952 amounting to \$1,384,742 (\$1,355,354 plus interest on Government Advances \$29,388) show an overall decrease of \$17,179 as compared with the adjusted figure of \$1,401,921 for 1951. Wages and material costs continued to increase but these were more than offset by 1) a reduction in the amount set aside for obsolescence and increased cost of replacements and 2) a decrease in the Corporation's share of the Commonwealth Network expenses.

The provision of \$148,791 for income tax, which might at first sight appear to be high, includes tax on \$62,440 for the item of obsolescence and increased cost of replacements and on \$34,936 for past service pension fund deficiencies.

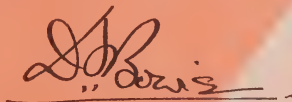
It will be noted that the Balance Sheet records an item of \$203,601 representing provision for pension deficiencies — the Corporation's share amounting to \$92,294 with the balance for the account of the Commonwealth Network in accordance with the financial arrangements under which the Corporation operates as a unit in the Network.

The expenses of the Commonwealth Network for the period April 1, 1951 to March 31, 1952 have not, as yet, been collated for the purpose of determining the amount to be contributed by each National Body. Nevertheless, it has not been considered necessary to set aside anything in excess of the \$80,000 already reserved for the purpose of possible adjustments in the Corporation's share of this expense.

As required by Section 19 of the Act, an amount equal to the excess of income over expense for the year ended December 31, 1952 — \$82,093 — will be paid to the Receiver General of Canada.

ACKNOWLEDGMENTS

Once again it is a pleasure to record appreciation of the active and loyal support of all our officers and staff and in confident anticipation of the united efforts of all in the future, the Corporation expects to continue to consolidate and strengthen its position in the ever expanding sphere of Canadian telecommunications services.



President

D. F. Bowie, Town of Mount Royal, Que.
R. M. Brophy, Toronto, Ontario.
Lt. Col. Henri Gagnon, Quebec, Que.
Major J. H. Hamilton, Vancouver, B.C.
Lt. Cdr. C. P. Edwards, Ottawa, Ontario.

Canadian Overseas

(Established by the Canadian Overseas)

Assets

Cash on Hand and in Banks	\$ 210,387
Investments — Government of Canada Bonds, at amortized cost (market value \$391,400)	396,616
Accounts Receivable, after providing for accounts considered bad	507,043

Prepaid Expenses:

Inventory of operating supplies and stationery, at cost	\$ 79,993
Other	11,725
	<hr/>
	91,718

Land, Buildings and Equipment, at cost	3,399,097
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Less, Accumulated allowances for —

Depreciation	\$ 462,970
Obsolescence and increased cost of replacements	156,100
	<hr/>
	619,070

2,780,027

\$3,985,791

Certified:

D. F. BOWIE,
President and General Manager.

Approved on behalf of the Board:

R. M. BROPHY, *Director.*
C. P. EDWARDS, *Director.*

Telecommunication Corporation

(Telecommunication Corporation Act)

Balance Sheet as at December 31, 1952

Liabilities and Capital

Liabilities

Accounts Payable and Accrued Charges		\$ 77,248
Receiver General of Canada:		
Corporation's income tax	\$ 83,891	
Interest on advances	29,914	
Employees' income tax	8,984	
Unemployment insurance	1,279	
		<u>124,068</u>
Reserved for:		
Possible adjustment of the Corporation's provisional share of Commonwealth Network expenses, etc.	80,000	
Actuarial deficiencies in pension funds, estimated	203,601	
		<u>283,601</u>
		\$ 484,917

Capital

Government of Canada — Advances under Section 14 of the Act	3,418,781	
Excess of Income over Expense, per Schedule I	82,093	
		<u>3,500,874</u>
		<u>\$3,985,791</u>

Signed for purposes of identification only and subject to my Report, herewith, to the Minister of Transport.

WATSON SELLAR,
Auditor General of Canada.

Canadian Overseas Telecommunication Corporation

Schedule 1

Statement of Income and Expenses for the year ended December 31, 1952

Income

Receipts from traffic	\$1,565,587
Sundry	2,900
	<hr/>
	\$1,568,487

Expense

Operating (not including \$1,082,739 recoverable from the Commonwealth Network)	469,345
Corporation's share of the Commonwealth Network's total expenses, estimated	544,075
Share of Commonwealth Telecommunications Board's expenses	2,027
Reserved for obsolescence and increased cost of equipment replacements	62,440
Traffic solicitation, advertising and publicity	99,092
(a) Administrative and general (not including \$102,356 recoverable from the Commonwealth Network)	178,375
	<hr/>
	1,355,354
(b) Profit from operations	213,133
Income from Investments and Bank Interest	10,785
	<hr/>
	223,918
Deduct —	
Interest on Government of Canada advances to the Corporation (not including \$71,842 recoverable from the Commonwealth Network)	29,388
Provision for Corporation's Income Tax	148,791
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	178,179
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	45,739
Prior Years' Adjustments, re:	
Final settlement for expropriated assets	60,893
Commonwealth Network business	25,273
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	86,166
Deduct, Estimated actuarial deficiencies in pension funds	49,812
	<hr/>
	36,354
Excess of Income over Expense, per Balance Sheet	<hr/>
	82,093

Notes: (a) The overall Administrative and General Expense of \$280,731 (\$102,356 - \$178,375) includes (1) remuneration of executives \$49,148, (2) directors' fees \$350 and (3) legal expenses \$1,335.

(b) The allowance for depreciation for the year is \$191,091; of this \$32,645 is included among the expenses of the Corporation and the remainder, being applicable to assets of the Commonwealth Network, forms part of the expenses, noted above, which are recoverable under the terms of the agreement controlling the operation of the network.

Auditor General's Report

Ottawa, March 28, 1953.

Dear Mr. Chevrier:

Re: Canadian Overseas Telecommunication
Corporation

Having completed the audit of the accounts of the Corporation for the fiscal year ended December 31, 1952, I now report to you, in compliance with Section 87 of the Financial Administration Act, the results of the examination both of the accounts, and of the Certified Financial Statement forwarded herewith.

The following comments refer to the items appearing under the heading "Reserved for" on the Balance Sheet:

1. *Possible Adjustment of Corporation's Provisional Share of Commonwealth Network Expenses, etc.* \$80,000. Since the Corporation's share of the Commonwealth Network's total expenses will not be determined until the expenses of all the participating bodies have been consolidated and pro-rated, the relative charges to operations are subject to adjustment and, as it is not practicable to pre-determine what will be the amount of the ultimate adjustment, the Management has decided to continue the reserve of \$80,000 provided formerly for this purpose.

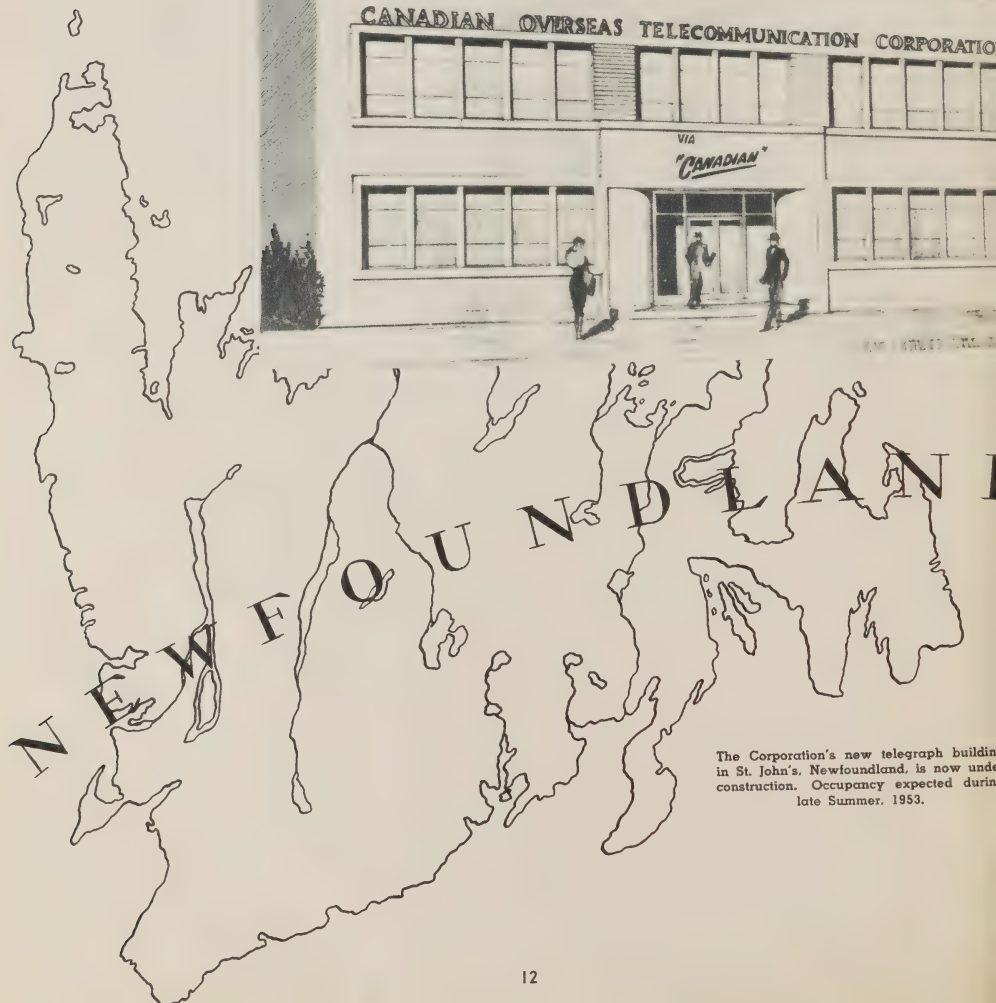
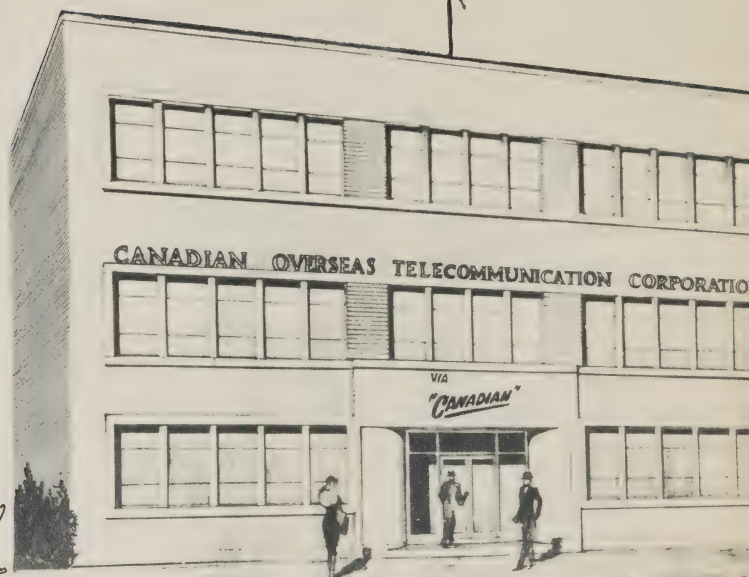
2. *Actuarial Deficiencies in Pension Funds, estimated \$203,601.* Reasons for these deficiencies are: (1) the insufficiency of earlier contributions, by or on behalf of employees, to finance the increased benefits (payable at fixed percentages of earnings during the closing years of employment) to which the employees are entitled as a result of the substantial wage increases granted since the war; (2) the decline in the value of the corpora of the funds, which are in sterling, in relationship to the Canadian dollar because of the devaluation of the pound; and (3) the increase in life expectancy. These deficiencies pertain to both the period before and the period after expropriation of the assets on April 1, 1950, but the extent of the Corporation's responsibility for deficiencies has not yet been definitely determined. However, the estimated amount shown is subject to adjustment on completion of an actuarial review which the Board of Directors has authorized to be undertaken with respect to the funds. The Management has stated that they intend seeking the authority of the Governor in Council before assuming responsibility for any liability in respect of deficiencies.

Subject to the foregoing, I certify that, in my opinion,

1. proper books of account have been kept by the Corporation;
2. the Financial Statement has been prepared on a basis consistent with that of the preceding year and is in agreement with the books of account; also, the Balance Sheet and the accompanying Statement of Income and Expense are properly drawn up so as to give a true and fair view of the state of the Corporation's affairs as at December 31, 1952 and of the Corporation's operations, for the fiscal year, respectively;
3. the transactions of the Corporation, that have come under my notice, have been within the Corporation's powers as set forth in the Canadian Overseas Telecommunication Corporation Act and in the Financial Administration Act.

Yours faithfully,
WATSON SELLAR
Auditor General.

The Honourable Lionel Chevrier,
Minister of Transport,
OTTAWA.



The Corporation's new telegraph building in St. John's, Newfoundland, is now under construction. Occupancy expected during late Summer, 1953.



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*Fourth
Annual Report
1953*

Canadian Overseas Telecommunication Corporation

VIA "CANADIAN"

Board of Directors

Chairman

D. F. BOWIE, Town of Mount Royal

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R. M. BROPHY, Toronto, Ont.

LT.-COL. HENRI GAGNON, Quebec, Que.

MAJOR JAMES HAMILTON, Vancouver, B.C.

LT. CDR. C. P. EDWARDS, Ottawa, Ont.



Management

President and General Manager	DOUGLAS F. BOWIE
Secretary-Treasurer	RICHARD J. CASSIDY
Chief Engineer	L. STANLEY PAYNE
Traffic Manager	JAMES R. LAMB
Manager, Personnel and Public Relations	CHARLES A. O'BRIEN
Assistant-Treasurer	L. A. HARROLD

Executive Offices — 211 St. Sacrament St. — Montreal, P.Q.

Traffic

Traffic Production Manager	GORDON A. COWAN
Asst. Traffic Manager (Tariffs)	E. J. RYALL
Asst. Traffic Manager (Traffic)	H. L. BISAILLON
Superintendent (Operations)	A. R. CARDNO

Engineering

Deputy Chief Engineer	H. C. PENDLE
Asst. Chief Engineer (Wireless)	F. A. SMITH
Branch Engineer	K. L. SPARK

Accounting

Chief Accountant	C. S. GREGORY
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Branches

ST. JOHN'S, Nfld.	C. H. RYDE, Manager-Engineer
HALIFAX, N.S.	W. D. FOWLIE, Manager-Engineer
TORONTO, Ont.	J. B. HICKS, Branch Manager
DRUMMONDVILLE, Que.	E. A. McWILLIAM, Engineer-in-charge
YAMACHICHE, Que.	C. H. R. BIRD, Engineer-in-charge
VANCOUVER, B.C.	J. W. PERRY, Branch Manager
BAMFIELD, B.C.	G. M. ATKINS, Manager-Engineer

Canadian Overseas Telecommunication Corporation

March 29th, 1954.

HONOURABLE LIONEL CHEVRIER, Q.C., M.P.,
Minister of Transport,
Ottawa.

Sir,

In accordance with the requirements of the Financial Administration Act, the fourth annual report, covering the calendar year 1953, is now submitted on behalf of the Board of Directors.

A profit of \$24,933 was realized after provision for income tax and interest on Government advances.

The results of the year may be regarded as satisfactory as we avoided resort to rate increases in spite of steadily rising operating costs. As a point of fact, telephone rates between Newfoundland and the Mainland were reduced in December 1952 and the past year, therefore, was the first during which those lower rates applied. On the other hand, the increasing cost of telegraph operations makes it apparent that some adjustment in rates cannot much longer be deferred.

The attention of Management has again been taken up in large measure with consideration of and giving effect to engineering developments and new techniques so that the country may have at its disposal efficient and economical telecommunication services. In this connection the following items are of special interest :

- (a) Negotiations for the construction and installation of a transatlantic telephone cable were concluded in 1953 with the British Post Office, the American Telephone and Telegraph Company and the Eastern Telephone and Telegraph Company. This, the most important of recent developments in the telecommunications field, will provide for the Canadian user stable telephone service with Great Britain and the Continent of Europe as well as greatly increased telegraph capacity. The new facilities are scheduled to be completed and available for use at the end of 1956 at which time we shall change over transatlantic telephone operations from radio to cable and, as a result, we expect to provide overseas telephone service equal in quality and comparable in speed of connection with that to which we are accustomed within Canada. It is confidently anticipated that these improved facilities will produce immediate and continuing demand for service with corresponding benefit to the Corporation.

- (b) In preparation for the completion of the renewal of the direct telegraph cable between Canada and the United Kingdom mentioned in last year's report, the Corporation's offices at Harbour Grace, Newfoundland, were closed and operations transferred to our new building in St. John's. Necessary repeater apparatus has been installed in the building in order to utilize the route between United Kingdom and Montreal, as well as to facilitate handling a large volume of press material from New Zealand and Australia to the United Kingdom during the visit of Her Majesty The Queen. It is expected that local traffic operations in St. John's will commence within a few weeks. As a result of this renewal, the capacity of the cable has been more than doubled, which represents an important addition to transatlantic facilities.
- (c) Arrangements for the provision of extra capacity for telephone service with Newfoundland were made and four channels are now in operation across the Cabot Strait in addition to the direct circuits between Montreal and St. John's, the whole resulting in a much improved position. Continued attention is being paid to requirements between Newfoundland and the Mainland and it is intended that an ample number of spare circuits will be introduced into that section of the projected transatlantic telephone cable which will run between Newfoundland and Nova Scotia in order to provide for future needs.
- (d) In addition to the foregoing, arrangements were concluded to provide for alternate routing of Newfoundland telephone calls.

TELEGRAPH TRAFFIC

Telegraph messages of Canadian origin showed an increase of $2\frac{1}{2}\%$ as compared with 1952. In considering this figure, attention is drawn to the fact that press messages decreased by 40% and civil aviation traffic by $3\frac{1}{2}\%$. A comparison of business from ordinary commercial organizations reveals an increase of 6% and this demand from such sources is one of the most encouraging features of the year's operations. Telegraph traffic from other than Canadian sources was maintained at approximately last year's level.

TRANSATLANTIC TELEPHONE SERVICE

In spite of a continuing deterioration in radio conditions during 1953, the number of calls from Canada increased by $2\frac{1}{4}\%$ as compared with the previous year although the number of paid minutes was reduced by approximately 1%, the average length of calls being somewhat less. With the installation of the new telephone cable referred to above, the element of uncertainty, due to varying radio conditions, will be removed and with it the feeling of dissatisfaction currently experienced because of uncontrollable circumstances.

NEWFOUNDLAND - MAINLAND TELEPHONE SERVICE

As forecast in the report for 1952, the important rate reductions introduced on December 1st of that year, combined with the opening of additional circuits across the Cabot Strait, produced a considerable increase in calls, the total being more than double that of previous years.

WEST INDIES TELEPHONE SERVICE

Whilst the normal number of calls between Canada and the West Indies is never very heavy, it is, nevertheless, noteworthy that an increase of 21% in the number of paid minutes resulted during 1953.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION ACT

The Canadian Overseas Telecommunication Corporation Act was amended by Act of Parliament during the year to bring it into line with the requirements of the Financial Administration Act and to adjust it to suit needs of the Corporation which had become apparent as the result of experience gained during the first three years of operation.

DIRECTORS

Lt. Col. Henri Gagnon and Lt. Cdr. C. P. Edwards were reappointed Directors for a further term of three years, effective March 15th, 1953.

STAFF

The agreement between the Corporation and its operating and technical employees expired in September and, by mutual consent, was renewed without change for a further period of one year. The agreement with our clerical employees which expired on March 31st was renegotiated to provide a suitable salary adjustment.

FINANCIAL STATEMENTS

The Financial Statements of the Corporation for the year ended December 31, 1953, submitted herewith, have been audited by the Auditor General and his report is included herein, as required by Section 87 of the Financial Administration Act.

Traffic receipts showed little variation; these amounted to \$1,565,670, representing an increase of \$83 over the previous year.

Operating expenses totalled \$1,388,004 as compared with \$1,292,914 in 1952. The additional expense is due principally to an increase of \$73,365 in the Corporation's share of Commonwealth Network expenses and increases in wages of approximately \$50,000. These were partially offset by savings effected by reason of changes in operations; the overall result being an expenditure of \$95,090 in excess of the previous year's figure.

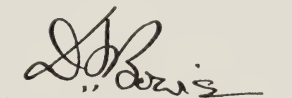
The position as regards Pension Funds, as noted in last year's report, remains substantially the same and negotiations with the Trustees of the United Kingdom Funds and Cable and Wireless Limited still continue.

As a result of the collation of the expenses of the Commonwealth Network for the period April 1, 1951 to March 31, 1952, the Corporation received a refund amounting to \$20,517. This and other adjustments produce a net additional profit of \$28,789 for 1952 and prior years and this amount will be paid over to the Receiver General.

The expenses of the Commonwealth Network for the period April 1, 1952 to March 31, 1953, have not, as yet, been collated. Notwithstanding the refund noted above, it is not considered advisable at this time to reduce the amount of \$80,000 reserved for possible adjustment of the Corporation's share of Network expenses, since it is not unlikely that normal expenses of the Network for prior years may yet be increased when other National Bodies, who are partners with us in the Commonwealth Telecommunications System, make adjustments with respect to pensions similar to those effected by the Corporation.

ACKNOWLEDGMENT

In concluding this report, it is indeed a pleasure to express appreciation to all our officers and staff for their loyal and whole-hearted contributions to the success of the Corporation during 1953.



J. F. Bowie
President

D. F. Bowie, Town of Mount Royal, Que.

R. M. Brophy, Toronto, Ontario.

Lt. Col. Henri Gagnon, Quebec, Que.

Major James Hamilton, Vancouver, B.C.

Lt. Cdr. C. P. Edwards, Ottawa, Ont.

Canadian Overseas Telecommunication Corporation

(Established by the Canadian Overseas Telecommunication Act)

Balance Sheet as at December 31, 1953

ASSETS

Cash on Hand and in Banks		\$ 412,591
Accounts Receivable, after providing for accounts considered bad		456,545
Prepaid Expenses:		
Inventory of Operating Supplies and Stationery, at cost	\$ 89,494	
Other	7,056	
		96,550
Pension moneys on deposit		262,773
Land, Buildings and Equipment, at cost	4,017,520	
Deduct: Accumulated Allowances for:		
Depreciation	\$ 647,222	
Obsolescence and increased cost of replacements	218,540	
		865,762
		3,151,758
		\$4,380,217

Certified:

D. F. BOWIE,
President and General Manager.

Approved on behalf of the Board:

R. M. BROPHY, *Director.*
C. P. EDWARDS, *Director.*

LIABILITIES & CAPITAL

LIABILITIES			
Accounts Payable and Accrued Charges		\$ 85,973	
Construction Contractors:			
Security Deposit	\$ 19,845		
Holdbacks	40,171		
		60,016	
Receiver General of Canada:			
Income Tax:			
Corporation	31,666		
Employees	8,992		
Interest on Advances	30,494		
Unemployment Insurance	1,272		
		72,424	
Reserved for:			
Possible adjustment of the Corporation's provisional share of Commonwealth Network expenses, etc.	80,000		
Actuarial deficiencies in pension funds, estimated	262,773		
		342,773	
			\$561,186
CAPITAL			
Government of Canada — Advances under Section 14 of the Act		3,768,781	
Excess of Income over Expense:			
For the year per Schedule 1	24,933		
Prior years to be remitted to the Receiver General	28,789		
	53,722		
	3,472		
Loss on disposal of Fixed Assets		50,250	
			3,819,031
			\$4,380,217

Signed for the purpose of identification only and subject to my Report (copy herewith) to the Minister of Transport.

WATSON SELLAR,
Auditor General of Canada.

Canadian Overseas Telecommunication Corporation

Schedule 1

Statement of Income and Expenses

for the year ended December 31, 1953

	INCOME	1953	1952
Receipts from Traffic		\$1,565,670	\$1,565,587
Sundry		8,472	13,685
		<u>1,574,142</u>	<u>1,579,272</u>
	EXPENSE		
Operating (not including recoverable from the Commonwealth Network \$1,029,333 - 1953 \$1,082,739 - 1952)		474,734	469,345
Corporation's share of the Commonwealth Network's expense, estimated		617,440	544,075
Share of the Commonwealth Telecommunications Board's expenses		3,589	2,027
Traffic solicitation, advertising and publicity		108,564	99,092
(a) Administrative and General (not including recoverable from the Commonwealth Network \$89,556 - 1953, \$102,356 - 1952)		183,677	178,375
		<u>1,388,004</u>	<u>1,292,914</u>
(b) Profit from Operations		186,138	286,358
	DEDUCT		
Interest on Government of Canada advances to the Corporation (not including recoverable from the Commonwealth Network \$95,572 - 1953, \$71,842 - 1952)		24,664	29,388
Provision for income tax		74,101	148,791
		<u>98,765</u>	<u>178,179</u>
		87,373	108,179
Reserved for obsolescence and increased cost of equipment replacements		62,440	62,440
Excess of Income over Expense		<u>\$ 24,933</u>	<u>\$ 45,739</u>

Notes: (a) The overall Administrative and General Expense of \$273,233 (\$89,556 - \$183,677) includes (1) remuneration of executives \$53,365, (2) directors' fees \$450 and (3) legal expenses \$1,554.

(b) The allowance for depreciation for the year is \$189,820, of this \$33,504 is included among the expenses of the Corporation and the remainder, being applicable to assets of The Commonwealth Network, form part of the expenses, noted above, which are recoverable under the terms of the agreement controlling the operation of the network.

Auditor General's Report

Ottawa, March 30, 1954.

Dear Sir,

Re: Canadian Overseas Telecommunication
Corporation

Having completed the audit of the accounts of the above noted Corporation for the fiscal year ended December 31, 1953, I now report to you, in compliance with Section 87 of the Financial Administration Act, the results of the examination both of the accounts and of the Financial Statement forwarded herewith.

The following comments refer to items appearing on the Balance Sheet under the heading "Reserved for":

1. *Possible Adjustment of the Corporation's Provisional Share of the Commonwealth Network Expenses \$80,000.* The Corporation's share of the Network expenses to March 31, 1952, having been established, a refund of \$20,517 of the amount paid provisionally was received during the year. The amount of this refund and the one received previously render questionable the need of such a large reserve. It is anticipated by Management, however, that retroactive supplementary assessments of some magnitude, for prior years, may have to be met as, if and when other Partner National Bodies in the Commonwealth Telecommunications System give effect to required pension fund adjustments such as is mentioned in the next paragraph. No information is available as to what amount may be required in this regard.

2. *Actuarial Deficiencies in Pension Funds \$262,773.* The sum reserved herein, as described in the Report for the fiscal year ended December 31, 1952, represents an increase of \$59,172 over the previous year. This sum was added following completion of, and in conformity with, the results of an actuarial survey of the state of the Funds for the purpose of establishing the amount by which they were deficient. It is noted in last year's Audit Report that the extent of the Corporation's liability for the deficiency (which is sharable by the Network) had not been established. While a settlement has not yet been reached, negotiations are proceeding between the Corporation and the Trustees of the United Kingdom Funds and with Cable and Wireless Limited as to the assumption of the capitalized amount of the deficiency as at April 1, 1950, the date as of which the assets were expropriated. In the meantime, funds amounting to \$262,773 have been deposited provisionally with a Trust company.

Subject to the foregoing, I certify that, in my opinion,

1. proper books of account have been kept by the Corporation;
2. the Financial Statement has been prepared on a basis consistent with that of the preceding year and is in agreement with the books of account; also, the Balance Sheet and the accompanying statement of Income and Expense, respectively, give a true and fair view of the state of the Corporation's affairs as at December 31, 1953 and of the results of the Corporation's operations for the fiscal year;
3. the transactions of the Corporation that have come under my notice have been within its powers as set forth in the Financial Administration Act, the Canadian Overseas Telecommunication Corporation Act and any other Act applicable to the Corporation.

Yours faithfully,
WATSON SELLAR,
Auditor General.

The Honourable Lionel Chevrier,
Minister of Transport,
OTTAWA.

VIA "CANADIAN"

Canadian Overseas Telecommunication Corporation

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Fifth Annual Report

1954



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VIA *"CANADIAN"*

CANADIAN OVERSEAS
TELECOMMUNICATION
CORPORATION

BOARD OF DIRECTORS

CHAIRMAN

D. F. BOWIE, *Town of Mount Royal*



R. M. BROPHY, *Toronto, Ont.*

LT.-COL. HENRI GAGNON, *Quebec, Que.*

MAJOR JAMES HAMILTON, *Vancouver, B.C.*

LT.-CDR. C. P. EDWARDS, *Ottawa, Ont.*

MANAGEMENT

President and General Manager: DOUGLAS F. BOWIE

Vice-President and Secretary: RICHARD J. CASSIDY

Chief Engineer: R. G. GRIFFITH

Traffic Manager: JAMES R. LAMB

Manager, Personnel and Public Relations: CHARLES A. O'BRIEN

Assistant-Treasurer: L. A. HARROLD

Executive Offices: 211 St. Sacrament St., Montreal, P.Q.

TRAFFIC

Traffic Production Manager: GORDON A. COWAN

Asst. Traffic Manager (Tariffs): E. J. RYALL

Asst. Traffic Manager (Traffic): H. L. BISAILLON

Superintendent (Operations): A. R. CARDNO

ENGINEERING

Deputy Chief Engineer: H. C. PENDLE

Asst. Chief Engineer (Wireless): F. A. SMITH

Branch Engineer: K. L. SPARK

ACCOUNTING

Chief Accountant: C. S. GREGORY

BRANCHES

St. John's, Nfld.: C. H. RYDE, Manager-Engineer

Halifax, N.S.: W. D. FOWLIE, Manager-Engineer

Toronto, Ont.: J. B. HICKS, Branch Manager

Drummondville, Que.: E. A. McWILLIAM, Engineer-in-charge

Yamachiche, Que.: C. H. R. BIRD, Engineer-in-charge

Vancouver, B.C.: J. W. PERRY, Branch Manager

Bamfield, B.C.: G. M. ATKINS, Manager-Engineer

THE PRESIDENT'S REPORT

March 30th, 1955.

HONOURABLE GEORGE C. MARLER,
Minister of Transport,
Ottawa.

Sir,

In accordance with the requirements of the Financial Administration Act, the fifth annual report, covering the calendar year 1954, is now submitted on behalf of the Board of Directors.

FINANCIAL

The net profit for the year, after provision for income tax and interest on Government advances, amounts to \$107,727. Revenue increased by \$56,058 and expenses decreased by \$26,736, resulting in \$82,794 more profit being reported than in the previous year. The decrease in expenses arises principally because the amount of \$62,440 added to reserve for obsolescence and increased cost of replacement of capital assets has been provided out of surplus this year instead of being recorded as an expense, as was done in previous years. The overall increase in other expenses amounted to \$35,704.

Since its inception the Corporation has recorded depreciation in its accounts computed on the straight line basis in keeping with the practice agreed between the participants in the Commonwealth Telecommunications Network. From January 1, 1952, when the Corporation first became liable for income tax, to December 31, 1953, the Department of National Revenue allowed depreciation expense, calculated on the diminishing balance basis, provided such amount was recorded in the accounts. During this period the amount included as an expense was less than that which would have been provided on the diminishing balance basis, therefore, income tax was based on the amount of depreciation provided in the accounts. As a result of a change in regulations, the Corporation may, for income tax purposes, calculate depreciation on a diminishing balance basis even though the amount exceeds that presently included in expense. By reason of the benefit accorded by this change in regulation, the amount provided for income tax in 1954 is \$15,648 less than would have been necessary on the previous basis.

As a consequence of taking over the Canadian staff of Cable and Wireless Limited, the Corporation assumed certain obligations arising from their membership in pension funds originally established in the United Kingdom. Provision has been made for estimated liability in this respect and the amount so far

provided — \$350,908 — consists of \$335,968 deposited with the Montreal Trust Company plus \$14,940 interest thereon. The amount of \$388,462 on deposit exceeds the aforementioned provision of \$350,908 by \$37,554, which represents an over-deposit made immediately prior to the end of the year.

Financial Statements for the year ended December 31, 1954, submitted herewith, have been audited by the Auditor General and his report is also included.

TELEGRAPH TRAFFIC

Revenue from telegraph services increased by 4%. There has been a steady increase in traffic of Canadian origin during the past five years and in 1954 traffic originating in foreign countries transiting our routes and destined to points beyond Canada reversed the previous trend and showed an important increase.

TRANSATLANTIC TELEPHONE SERVICE

Radio propagation conditions were a little better with the result that the number of calls originating in Canada increased by 6% and revenue by about 9%. Existing capacity is fully occupied as the volume of business is at present limited by the number of hours daily during which operating conditions are satisfactory. It is forecast that these will be progressively more favourable during the next few years with the expectation, therefore, of increased revenues from this service.

NEWFOUNDLAND - MAINLAND TELEPHONE SERVICE

The volume of business arising from this source continues to increase, fully justifying the provision of additional circuits during the past year and the introduction of new facilities scheduled for 1956.

WEST INDIES TELEPHONE SERVICE

There was a further increase in the number of paid minutes on this route and although the total volume is still small it indicates a steadily rising demand for service.

DEVELOPMENTS

TRANSATLANTIC

As far as can be foreseen at present the new facilities in the transatlantic telephone cable will be available on or about the scheduled date of December 1st, 1956, and terminal operations in connection with it and the services to be derived therefrom have been the subject of careful planning.

MONTREAL

New as well as expanded services arising from the above-mentioned development — in addition to those from other projects in our expansion programme now in the course of completion — indicated the need for much more space than can be provided in our existing head office building. In order to accommodate the current and foreseeable needs of Canada's overseas telecommunications, provision has been made to erect a suitable building which will be located at Belmont and University Streets and is scheduled for completion and occupation in the Fall of 1956.

Improvements and extensions to the overseas radio stations are progressing according to plans which, combined with the additional facilities to become available in the transatlantic telephone cable, will give us greatly increased flexibility of operations and will permit further expansion of service.

NEWFOUNDLAND

Arrangements have been made and engineering plans completed whereby that section of the transatlantic telephone cable between Newfoundland and the Mainland will carry twenty-four additional telephone circuits, over and above the scheduled transatlantic capacity, for use to and from Newfoundland — thereby ensuring adequate and efficient service for the immediately foreseeable needs of the Province.

VANCOUVER

Suitable sites for the radio receiving and transmitting stations planned for the West Coast have been secured as has one for a city office in Vancouver. When construction and installations are completed, our current cable operating functions at Bamfield on Vancouver Island will be reduced and the majority transferred to the projected city office where they will be co-ordinated with the new radio operations. Existing radio circuits between Montreal and Australia will then be abandoned in favour of the Vancouver-Australia and New Zealand route. Included in this development will be the provision of direct telephone service between Canada and those countries. At present such calls are routed via the United States. Building plans are ready and it is expected that installation will be completed in time for the new operations to commence during the Fall of 1956.

EXECUTIVE CHANGES

Major James Hamilton was re-appointed as Director for a further term of three years, effective March 15th, 1954.

Mr. R. J. Cassidy, formerly Secretary-Treasurer, was appointed Vice-President by order of the Governor in Council, effective November 1st, 1954. He still retains his position as Secretary.


Mr. R. G. Griffith was appointed Chief Engineer on May 1st, 1954, replacing Mr. L. S. Payne who retired on pension.

STAFF

The agreement between the Corporation and its clerical employees expired on March 31st and was renegotiated to provide for appropriate salary adjustments. The agreement between the Corporation and its technical and operating employees expired on September 30th and is now before a duly appointed Conciliation Board.

ACKNOWLEDGMENT

It is a pleasure to record our appreciation of the wholehearted efforts of all our officers and staff which contributed greatly to the successful results obtained during the year.



President

D. F. Bowie, Town of Mount Royal, Que.

R. M. Brophy, Toronto, Ontario.

Lt. Col. Henri Gagnon, Quebec, Que.

Major James Hamilton, Vancouver, B.C.

Lt. Cdr. C. P. Edwards, Ottawa, Ont.

Canadian Overseas Telecommunication Corporation

(Established by the Canadian Overseas Telecommunication Corporation Act)

Balance Sheet as at December 31, 1954

ASSETS

Cash	\$ 310,020
Accounts Receivable, etc.	277,410
Prepaid Expenses:	
Inventory of operating supplies and stationery, at cost	\$95,901
Circuit rentals, etc., prepaid	6,781
	<hr/>
	102,682
Recoverable from Commonwealth Tele-communications Board in respect of loss on disposal of fixed assets used for purposes of Commonwealth Network	28,738
On deposit with Trust Company in connection with Corporation's liability with respect to actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (see contra)	388,462
Capital Assets, at cost, less accumulated provision for depreciation (Schedule "A")	3,721,147
	<hr/>
	4,828,459
	<hr/>

Certified:

D. F. Bowie
President and General Manager

J. Hamilton
Director

H. Gagnon
Director

LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 244,368
Provision for Income Tax	19,764
Balance in suspense with respect to profits recorded to December 31, 1952	96,910
Provision for liability with respect to actuarial deficiencies in pension funds (see contra) ..	350,908
Reserve for obsolescence and increased cost of replacement of capital assets	280,980
	<hr/> 992,930

Capital:

Advances from the Government of Canada under Section 14 of the Act..... \$3,768,781

Surplus

Balance as at January 1, 1954 \$ 21,461

Add: Net profit for the year ended December 31, 1954, per
Statement of Income and Expense 107,727

129,188

Deduct: Amount transferred to reserve for obsolescence and
increased cost of replacement of capital assets 62,440

66,748

3,835,529

4,828,459

Certified in accordance with my report dated March 28, 1955 to the Minister of Transport, under section 87 of the Financial Administration Act.

Watson Sellar
Auditor General of Canada

Schedule "A"

Capital Assets as at December 31, 1954

	Cost	Accumulated Provision for Depreciation	Depreciated Value
Land	\$ 287,449	\$	\$ 287,449
Buildings	1,306,769	128,406	1,178,363
Fencing and water supply system	107,255	10,037	97,218
Masts, aerals and feeders	684,009	158,966	525,043
Transmitters, receivers and other technical equipment	1,605,730	430,459	1,175,271
Power plant and landline	354,179	23,261	330,918
Furniture and equipment	135,914	45,176	90,738
Motor vehicles and field equipment	20,820	19,884	936
Undistributed and miscellaneous	63,518	28,307	35,211
	<u>4,565,643</u>	<u>844,496</u>	<u>3,721,147</u>

"CANADIAN"

Canadian Overseas Telecommunication Corporation

STATEMENT OF INCOME AND EXPENSE

for the Year Ended December 31, 1954

	<u>1954</u>		<u>1953</u>	
Income				
Traffic		\$1,622,884		\$1,565,670
Miscellaneous		7,316		8,472
		<u>1,630,200</u>		<u>1,574,142</u>
Expense				
Operating	\$1,551,149		\$1,504,067	
Less: Portion applicable to Commonwealth Network ..	<u>1,066,096</u>		<u>1,029,333</u>	
	485,053		474,734	
Add: Corporation's share of Commonwealth Network expenses (estimated)	<u>636,644</u>	1,121,697	<u>617,440</u>	1,092,174
Administrative and General	285,134		273,233	
Less: Portion applicable to Commonwealth Network ..	<u>88,539</u>		<u>89,556</u>	
	196,595		183,677	
Add: Corporation's share of Commonwealth Telecommunications Board's expenses (estimated)	<u>3,791</u>	200,386	<u>3,589</u>	187,266
Traffic Solicitation, Advertising and Publicity		<u>113,194</u>		<u>108,564</u>
		<u>1,435,277</u>		<u>1,388,004</u>
		<u>194,923</u>		<u>186,138</u>
Operating Profit				
Deduct:				
Interest on Advances ..	131,561		120,236	
Less: Portion applicable to Commonwealth Network	<u>103,971</u>	24,590	<u>95,572</u>	24,664
Loss on disposal of capital assets	7,310			
Less: Portion applicable to Commonwealth Network	<u>6,929</u>	381		
Provision for Income Tax		62,225		74,101
Provision for obsolescence and increased cost of equipment replacements				<u>62,440</u>
		<u>87,196</u>		<u>161,205</u>
Net Profit		<u>\$107,727</u>		<u>\$24,933</u>

Notes: The amount shown for operating expenses includes \$209,924 charged for depreciation, of which \$176,043 is applicable to the Commonwealth Network.

The amount shown for administrative and general expenses includes \$53,336 for remuneration of executives, \$450 for directors' fees and \$1,684 for legal expenses.

AUDITOR GENERAL'S REPORT

Ottawa, March 28, 1955.

The Honourable George C. Marler,
Minister of Transport,
OTTAWA.

Sir:

The accounts and financial statements of Canadian Overseas Telecommunication Corporation have been examined for the year ended December 31, 1954, and a set of the financial statements is attached.

The Canadian Overseas Telecommunication Corporation Act was amended by c.13, Statutes 1952-53, one of the amendments repealing the provision which required annual surrenders of profit to the Receiver General. An accounting change during the year under review, was to record the \$62,440 addition to the reserve for obsolescence and increased cost of replacement of capital assets as a direct charge to surplus instead of as a deduction from operating profit before arriving at the net profit for the year, as was the previous practice. In the audit view, the change is appropriate, and is noted only because of the direction in section 87 of the Financial Administration Act to report whether the financial statements were prepared on a basis consistent with that of the preceding year. In further compliance with requirements of that section, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (ii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,
WATSON SELLAR,
Auditor General.



Construction plans are underway for the new headquarters building of the Corporation to be erected in Montreal. It will be situated at the corner of University and Belmont Streets.

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Government
Publications

SIXTH ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31st, 1956



VIA "CANADIAN"

Canadian Overseas Telecommunication Corporation



BOARD OF DIRECTORS

CHAIRMAN

D. F. BOWIE, *Town of Mount Royal*

•

R. M. BROPHY, *Toronto, Ont.*

LT.-COL. HENRI GAGNON, *Quebec, Que.* (Retired March 15, 1956)

JAMES HAMILTON, *Vancouver, B.C.*

LT.-CDR. C. P. EDWARDS, *Ottawa, Ont.*

A. F. MERCIER, *Quebec, Que.*

MANAGEMENT

DOUGLAS F. BOWIE, *President and General Manager*
RICHARD J. CASSIDY, F.C.I.S., *Vice-President and Secretary*
R.. G. GRIFFITH, P. Eng., *Chief Engineer*
GORDON M. WATERHOUSE, C.A., *Comptroller*
JAMES R. LAMB, *Traffic Manager*
CHARLES A. O'BRIEN, *Manager, Public Relations and Traffic Development*
L. A. HARROLD, *Assistant to the Vice-President*
Executive Office: 211 St. Sacrament St., Montreal, P.Q.

TRAFFIC

GORDON A. COWAN, *Traffic Production Manager*
E. J. RYALL, *Asst. Traffic Manager (Tariffs)*
H. L. BISAILLON, *Asst. Traffic Manager (Traffic)*
A. R. CARDNO, *Superintendent (Operations)*

ENGINEERING

F. A. SMITH, *Deputy Chief of Engineering Department*
K. L. SPARK, *Technical Superintendent*

ACCOUNTING

C. S. GREGORY, *Chief Accountant*

STATIONS

C. H. RYDE, *Manager, St. John's, Nfld.*
W. D. FOWLIE, *Manager, Halifax, N.S.*
J. B. HICKS, *Manager, Toronto, Ont.*
E. A. McWILLIAM, *Station Manager, Drummondville, Que.*
C. H. R. BIRD, *Station Manager, Yamachiche, Que.*
J. W. PERRY, *Manager, Vancouver, B.C.*
G. M. ATKINS, *Manager, Bamfield, B.C.*

THE PRESIDENT'S REPORT

June 22nd, 1956.

HONOURABLE GEORGE C. MARLER,
Minister of Transport,
Ottawa, Ontario.

Sir,

In accordance with the requirements of the Financial Administration Act, the Sixth Annual Report, covering the period January 1st, 1955 to March 31st, 1956, is herewith submitted on behalf of the Board of Directors.

Your attention is drawn to the fact that the fiscal year of the Corporation has been changed by authority of the Governor in Council from December 31st to March 31st and this report therefore covers a fifteen month period.

This change was made in order to have our fiscal year coincide with that of other Members of the Commonwealth Telecommunications Board and thereby avoid the compilation of two sets of annual statements.

FINANCIAL

The net profit for the fifteen months ended March 31st, 1956, after provision for income tax and interest on Government advances, amounted to \$217,158.

The provision for income tax, calculated on a basis consistent with that used for the previous fiscal year, amounted to \$151,754. Interest on Government advances amounted to \$233,299, of which \$79,789 was capitalized.

Herewith is a summary of Operating results:

	15 months ended March 31, 1956	12 months ended December 31, 1954
Income	\$ 2,166,431	\$ 1,630,200
Expense:		
Operating	1,463,024	1,146,668
Administrative & General	186,900	200,386
Traffic Solicitation, Advertising & Publicity	147,595	113,194
Total Expense	\$ 1,797,519	\$ 1,460,248
Profit before Income Tax	368,912	169,952
Provision for Income Tax	151,754	62,225
Net Profit for Period	\$ 217,158	\$ 107,727

The overall expense for Operating and for Traffic Solicitation, Advertising and Publicity, remained at approximately the same level.

The overall decrease in Administrative and General expenses arises principally because increases in salaries and cost of materials were more than offset by decreases in other expenses and economies and by the recovery of certain general administrative expenses for work in connection with the Transatlantic Telephone Cable project.

Financial Statements for the 15 months ended March 31st, 1956, submitted herewith, have been audited by the Auditor General and his report is also included.

TELEGRAPH SERVICES

Telegraph traffic increased by 5% for the twelve months ended December 31st, 1955. During the three months ended March 31st, 1956, the balance of the fiscal year under review, traffic increased by 8% as compared with the same period in 1955.

A radio telegraph link was opened in November, 1955, between Canada and Germany and traffic with Germany is now handled on the direct circuit, resulting in an important increase in revenue, as this direct route attracts new business in addition to that formerly handled through foreign relay points.

Traffic originating in foreign countries transiting our routes and destined to points beyond Canada continued to follow the upward trend reported for previous years.

TELEPHONE SERVICES

TRANSATLANTIC

Radio propagation conditions continued to improve making it possible to extend considerably the average number of working hours per day. In addition, the two radiotelephone circuits already in use were augmented by a third in the latter part of November and a fourth in the latter part of December. As a result the number of calls originating in Canada increased by 32% during the twelve months ended December 31st, 1955, and in the three months ended March 31st, 1956, increased by 98% as compared with the same quarter in the year 1955.

NEWFOUNDLAND

The number of calls between the Island and the Mainland increased by 32% during the 12 months ended December 31st, 1955, and in the three months ended March 31st, 1956, by 8% as compared with the same quarter in the year 1955. An additional circuit was provided in November, 1955, to accommodate the increasing demand. Indications are that the volume of business arising from this source will continue to increase although not at the rate experienced hitherto.

WEST INDIES

The volume of business on this route is still small but the number of calls continues to increase.

DEVELOPMENTS

TRANSATLANTIC CABLE

The installation of the Transatlantic Telephone Cable, in which the Corporation is a joint owner with the British Post Office, American Telephone and Telegraph Company and Eastern Telephone and Telegraph Company, should be completed and its services in operation by the end of October next — some few weeks earlier than originally anticipated. We look forward to its inauguration with considerable enthusiasm as we believe it to be the most important overseas telecommunication development since the laying of the original telegraph cable over ninety years ago. Our share in this cable will provide for Canada services and facilities for which there has been a steadily increasing need during recent years. In addition to high quality telephone service, we shall offer picture transmissions — broadcast programmes — customer-to-customer teleprinter services — leased telegraph circuits for the use of private customers and we shall also introduce a multiplicity of new telegraph circuits in sufficient numbers to meet adequately the needs of Canadian users for some years to come. We are confident that the services so being provided will take care of foreseeable public demands and that the users will be completely satisfied with the quality and quantity of service available to them.

Twenty-four additional telephone circuits between Newfoundland and the Mainland are also being provided and will be ready for introduction into service as required simultaneously with the transatlantic facilities.

Upon completion of the whole project Canada will have overseas communications unsurpassed anywhere in the world and we are confident that public acceptance of the services to be offered will be such as to ensure that the Corporation will continue to report profits on a reasonable scale.

MONTREAL HEAD OFFICE BUILDING

Our new building at Belmont and University Streets in Montreal is well on the way to completion and is scheduled to be turned over at the beginning of September, after which all our Montreal operations will be transferred to the new location. Terminal installations for the new services are already being carried out in the new building and will be ready to receive the connections from the Transatlantic telephone cable when it is completed.

VANCOUVER RADIO STATIONS AND CENTRAL OFFICE

The buildings required for this project covering Trans-Pacific operations have been completed, equipment installation is already taking place and the whole — as at present contemplated — will be ready for operation in the early Fall. As well as providing direct telephone service with Australia and New Zealand and customer-to-customer teleprinter services, these new radio stations will form an important additional link in the Commonwealth Telecommunications Network and will reinforce existing Pacific cable routes.

EXECUTIVE CHANGES

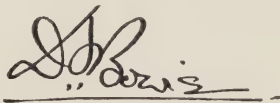
Mr. G. M. Waterhouse was appointed Comptroller on September 1st, 1955.

STAFF

The Agreement between the Corporation and its technical and operating employees expired on September 30th, 1954 and after conciliation proceedings a new agreement was written covering a two-year period ending September 30th, 1956.

ACKNOWLEDGMENTS

It is once more a pleasure to record our appreciation of the loyal efforts contributed by all our officers and staff in connection with both current operations and project developments.

A handwritten signature in dark ink, appearing to read "D. F. Bowie", is written over a horizontal line.

President.

D. F. Bowie, Town of Mount Royal, Que.

R. M. Brophy, Toronto, Ont.

Lt. Cdr. C. P. Edwards, Ottawa, Ont.

James Hamilton, Vancouver, B.C.

A. F. Mercier, Quebec, Que.

Canadian Overseas Telecommunication Corporation

(Established by the Canadian Overseas Telecommunication Corporation Act)

Balance Sheet as at March 31, 1956

(with comparative figures as at December 31, 1954)

	March 31. 1956	December 31 1954
ASSETS		
Cash	\$ 312,398	\$ 310,020
Accounts Receivable	307,488	277,410
Prepaid Expenses:		
Inventory of operating supplies and stationery, at cost.....	\$ 94,514	95,901
Circuit rentals, etc.	12,966	6,781
	<u>107,480</u>	
Recoverable from Commonwealth Network, in respect of loss on disposal of capital assets used for purposes of the Network.....	43,216	28,738
Bonds held as Contractor's Security Deposit (contra).....	50,000	—
Cash and investments held in trust in connection with provision for actu- arial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra).....	460,283	388,462
Capital Assets, at cost:		
Land, with improvements	939,667	392,175
Buildings	3,049,310	1,271,439
Trans Atlantic Cable	2,624,647	193,877
Transmitters, receivers and other technical equipment.....	2,839,685	2,487,900
Other	189,036	220,252
	<u>9,642,345</u>	<u>4,565,643</u>
Less: Accumulated provisions for depreciation	1,099,986	844,496
	<u>8,542,359</u>	<u>3,721,147</u>
	<u>9,823,224</u>	<u>4,828,459</u>

Certified:

(Sgd.) D. F. Bowie

President and General Manager

Approved:

(Sgd.) R. M. Brophy

Director

(Sgd.) C. P. Edwards

Director

	LIABILITIES	
	March 31, 1956	December 31, 1954
Accounts Payable	\$ 106,457	\$ 166,344
Accrued Liabilities	437,083	172,409
Provision for Income Tax	71,953	19,764
Contractors' Holdbacks	82,562	2,525
Contractor's Security Deposit	50,000	—
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company	460,283	350,908
Reserve for obsolescence and increased cost of replacement of capital assets	280,980	280,980
	<u>1,489,318</u>	<u>992,930</u>
Capital:		
Advances from the Government of Canada under section 14 of the Act	\$8,050,000	3,768,781
Surplus, per Statement of Surplus	283,906	66,748
	<u>8,333,906</u>	
	<u>9,823,224</u>	<u>4,828,459</u>

Certified in accordance with my report dated June 21, 1956 to the Minister of Transport, under section 87 of the Financial Administration Act.

WATSON SELLAR

Auditor General of Canada

Canadian Overseas Telecommunication Corporation

Statement of Surplus for the 15 months ended March 31, 1956

Balance as at January 1, 1955	\$ 66,748
Add: Net profit for the 15 months ended March 31, 1956, per Statement of Income and Expense	<u>217,158</u>
Balance as at March 31, 1956	<u><u>283,906</u></u>

Canadian Overseas Telecommunication Corporation

Statement of Income and Expense for the 15 months ended March 31, 1956

(with comparative figures for the 12 months ended December 31, 1954 — Note 1)

	15 months ended March 31, 1956	12 months ended December 31, 1954
<u>Income</u>	<u>\$2,166,431</u>	<u>\$1,630,200</u>
<u>Expense</u>		
Operating:	\$2,162,606	1,690,020
Deduct: Portion applicable to Commonwealth Network	1,561,818	1,179,996
	<u>600,788</u>	<u>510,024</u>
Add: Corporation's share of Commonwealth Network expenses (estimated)	862,236	636,644
	<u>1,463,024</u>	<u>1,146,668</u>
Administrative and General:	319,644	285,134
Deduct: Portion applicable to Commonwealth Network	136,392	88,539
	<u>183,252</u>	<u>196,595</u>
Add: Corporation's share of Commonwealth Telecom- munications Board's expenses (estimated)	3,648	3,791
	<u>186,900</u>	<u>200,386</u>
Traffic Solicitation, Advertising and Publicity	147,595	113,194
	<u>1,797,519</u>	<u>1,460,248</u>
Profit before Income Tax	368,912	169,952
Provision for Income Tax	151,754	62,225
<u>Net Profit for Period</u>	<u>217,158</u>	<u>107,727</u>

Notes:

- (1) The Corporation's financial year-end was changed from December 31st to March 31st.
- (2) The amounts shown for expense for the period ended March 31, 1956 include \$272,733 for depreciation, \$77,494 for remuneration of executives, \$600 for directors' fees, and \$2,042 for legal expenses.

Ottawa, June 21, 1956.

The Honourable G. C. Marler,
Minister of Transport,
Ottawa.

Sir,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the fifteen months ended March 31, 1956, and a set of the financial statements is attached. By Order-in-Council P.C. 1955-62 of January 13, 1955 the Corporation's financial year-end was changed from December 31st to March 31st. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial period, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial period; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,
WATSON SELLAR,

Auditor General.

7th annual report



FOR THE YEAR ENDED MARCH 31, 1957

The world at your call





BOARD OF DIRECTORS

CHAIRMAN

D. F. BOWIE, *Town of Mount Royal, Que.*

•

R. M. BROPHY, *Toronto, Ont.*

JAMES HAMILTON, *Vancouver, B.C.*

C. P. EDWARDS, *Ottawa, Ont.*

A. F. MERCIER, *Quebec, Que.*

ST. JOHN'S, Nfld. • HALIFAX, N.S. • DRUMMONDVILLE, QUE. • YAMACHICHE, QUE. • TORONTO, ONT.
WINNIPEG, MAN. • VANCOUVER, B.C. • LADNER, B.C. • CLOVERDALE, B.C. • BAMFIELD, B.C.

THE PRESIDENT'S REPORT

June 26th, 1957.

HONOURABLE GEORGE H. HEES,
Minister of Transport,
Ottawa, Ontario.

Sir,

The Seventh Annual Report, covering the period April 1st, 1956, to March 31st, 1957, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

Your attention is drawn to the fact that this report covers a twelve month period whereas the previous report covered 15 months due to a change then made in the fiscal year end in order to have it coincide with that of other Members of the Commonwealth Telecommunications Board.

FINANCIAL

The net profit for the twelve months ended March 31st, 1957, amounted to \$415,521, after providing \$262,377 for income tax and \$372,282 for interest on Government advances.

In addition to the figures for the period under review, those of the preceding twelve months as well as those of the preceding fiscal period of fifteen months are included in the following summary:

	12 months ended March 31		15 months ended March 31
	1957	1956	1956
Income	\$2,826,984	\$1,744,822	\$2,166,431
Expense:			
Operating	1,830,777	1,155,906	1,463,024
Administrative and General	173,565	153,611	186,900
Traffic Solicitation, Advertising and Publicity	144,744	119,178	147,595
Total Expense	2,149,086	1,428,695	1,797,519
Profit before provision for			
Income Tax	677,898	316,127	368,912
Provision for Income Tax	262,377	126,464	151,754
Net Profit for Period	<u>415,521</u>	<u>189,663</u>	<u>217,158</u>

Comparisons throughout this report are based on twelve month periods.

Income rose by 62% and the reasons for this substantial increase are commented upon in the report on Operations which follows.

Operating expenses rose by 58%; of this, the Corporation's share of Commonwealth Network expenses accounted for approximately one-half, and the balance represents increases in payroll, cost of maintenance of rented premises, cost of rented circuits and additional expense in respect of the new telex service.

Administrative and general expense increased by 13% principally because of new appointments and salary increases.

Traffic solicitation, advertising and publicity expense increased as a result of extended traffic development activities.

Due to a change in the Income Tax Regulations in 1954, the Corporation, in calculating income tax liability, has been using the rates of capital cost allowance permitted by the Department of National Revenue. The reduced amounts of income tax payable were previously included in the Statements of Income and Expense rather than the larger amounts that would have been arrived at had capital cost allowance for tax purposes been the same as depreciation recorded in the accounts. It has now been considered advisable to use the amount of depreciation recorded in the accounts in calculating the provision for income tax. In consequence, \$65,174 has been set up as "Cumulative Reduction in Income Tax Deferred to Future Years", as shown on the balance sheet, of which \$28,603 was transferred from surplus. The latter is the amount by which income tax payable was reduced to March 31st, 1956.

Financial Statements for the twelve months ended March 31, 1957, submitted herewith, have been audited by the Auditor General and his report is also included.

OPERATIONS

TELEGRAPH SERVICES

Receipts from telegraph traffic increased by 17%, the increase being spread fairly evenly over Trans-Atlantic, Trans-Pacific and West Indies services. A radio-telegraph link between Canada and France was opened at the end of May 1956 and traffic is now handled on this direct route thereby attracting new business in addition to that formerly handled through foreign relay points. Traffic originating in foreign countries transiting Canada and destined to points beyond continued the upward trend of recent years.

Traffic over the direct circuit with Germany, opened in 1955, continues to show important increases.

TELEPHONE SERVICES

Trans-Atlantic

Tuesday, September 25th, 1956, marked a turning point in Trans-Atlantic telephone service with the opening, some weeks ahead of the scheduled date, of

a new cable jointly owned and operated by the Corporation, the British Post Office and American Telephone and Telegraph Company. The greatly improved quality of service given over this new route proved so satisfactory that results exceeded our expectations and although the new facilities were in use for only six months, revenues for the whole year increased by 300%. Available capacity was immediately taken up and continues to be fully occupied. We are now actively planning for interim relief and for a second cable between Canada and the United Kingdom to be ready in 1961 in order to meet anticipated traffic growth.

Trans-Pacific

New radio stations in the vicinity of Vancouver, as well as a new office in that city, were completed and put into operation on November 1st, 1956. As a result, Canada for the first time is in direct communication with Australasia by telephone as well as by telegraph. Telephone business had previously been routed through San Francisco. Quality of service has been entirely satisfactory and results so far have been fully up to expectations.

Newfoundland

From 25th September, 1956, as a result of the completion of the Trans-Atlantic telephone cable route, an additional 24 circuits were made available on the section between Newfoundland and the Mainland. A number of these were put into service immediately and on October 15th, with the cooperation of the Trans Canada Telephone System, further substantial rate reductions were made effective. Rates are now completely in line with the general Trans-Canada pattern and an adequacy of facilities is now available. It is a pleasure to record that we have now implemented the assurance with respect to facilities and rates which had been made to Newfoundland. Receipts from this service showed a 14% increase over the previous comparable period.

West Indies

In keeping with the general trend, the volume of business on this route also showed an important increase amounting to 35%.

INTERNATIONAL TELEX

This service was introduced into Canada by the Corporation on December 3rd, 1956, and met with immediate acceptance by Canadian business houses. It provides for customer-to-customer teleprinter operation and facilities are paid for on the basis of the length of time they are used. Initial results indicate a volume of use at a level which we had estimated might only be expected a year or two after service was first offered.

PROGRAMME SERVICES

The telephone cable now permits high fidelity voice and music transmissions for broadcasting purposes and this too introduced a further important source of revenue which we expect to expand.

PICTURE TRANSMISSIONS

Excellent quality picture transmissions are now available across the Atlantic and it is expected that this service, the availability of which had previously been erratic owing to unstable radio conditions, will be much more in demand.

CIRCUIT RENTALS

With facilities available for private rentals on the Trans-Atlantic telephone cable and the connecting Microwave System in Eastern Canada, important new sources of revenue have been developed and these will, it is expected, substantially add to future receipts.

HEAD OFFICE

Our new head office building in Montreal was completed and finally occupied on March 9th when all operations were transferred from our former headquarters. The new building provides excellent working and operating conditions which should result in greater efficiency in our operations generally.

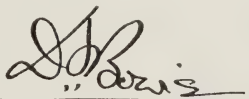
The year under review has seen the coming to fruition of a number of operational projects and it is particularly gratifying to be able to report at this time that these have all measured up completely to our expectations and our forecasts in most cases have been exceeded.

STAFF

The Agreement between the Corporation and its technical and operating employees expired on September 30th, 1956, and after negotiation a new agreement was written covering a one-year period ending September 30th, 1957.

ACKNOWLEDGEMENTS

A special expression of appreciation of the loyal efforts of all our officers and staff during the past year is merited in this report. The achievement during the year of the various goals on which we had set our sights called for extraordinary co-operation on the part of every employee. This was always forthcoming and we were thereby able to complete our programme on schedule.



President.

D. F. Bowie, Town of Mount Royal, Que.

R. M. Brophy, Toronto, Ont.

C. P. Edwards, Ottawa, Ont.

James Hamilton, Vancouver, B.C.

A. F. Mercier, Quebec, Que.

CANADIAN OVERSEAS TELECOM

(Established by the Canadian Overseas Telecommunications Corporation Act)

Balance Sheet

(with comparative figures)

ASSETS

	1957	1956
Cash	\$ 397,844	\$ 312,398
Accounts Receivable	1,037,865	307,488
Prepaid Expenses:		
Inventory of operating supplies and stationery, at cost.....	\$ 89,496	94,514
Circuit rentals, etc.	11,120	12,966
	100,616	
Recoverable from Commonwealth Network, in respect of losses on disposal of capital assets used for purposes of the Network	38,477	43,216
Bonds held as Contractor's Security Deposit (contra)	—	50,000
Cash and Investments held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra)	544,170	460,283
Former Head Office Land, Building and Equipment, at net book value, pending disposal	278,924	—
Capital Assets, at cost:		
Land, with improvements	988,249	939,667
Buildings	3,795,515	3,049,310
Trans Atlantic Cable	4,299,771	2,624,647
Transmitters, receivers and other technical equipment	4,347,330	2,839,685
Office furniture and equipment, etc.	192,391	189,036
	13,623,256	9,642,345
Less: Accumulated provisions for depreciation	1,354,408	1,099,986
	12,268,848	8,542,359
	<u>14,666,744</u>	<u>9,823,224</u>

Certified:

D. F. Bowie

President and General Manager

Approved:

R. M. Brophy
Director

C. P. Edwards
Director

ICATION CORPORATION

munication Corporation Act)

31, 1957

31, 1956)

LIABILITIES

	1957	1956
Accounts Payable	\$ 526,842	\$ 543,540
Provision for Income Tax	152,767	71,953
Contractors' Holdbacks	47,620	82,562
Contractor's Security Deposit	—	50,000
Cumulative Reduction in Income Tax, Deferred to Future Years	65,174	—
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company	544,170	460,283
Reserve for obsolescence and increased cost of replacement of certain capital assets	280,980	280,980
	<u>1,617,553</u>	<u>1,489,318</u>
Capital:		
Advances from the Government of Canada under section 14 of the Act	\$12,336,064	8,050,000
Surplus, per Statement of Surplus	<u>713,127</u>	283,906
	<u>13,049,191</u>	<u> </u>
	<u><u>14,666,744</u></u>	<u><u>9,823,224</u></u>

Certified in accordance with my report dated June 25, 1957 to the
Minister of Transport, under section 87 of the Financial Administration Act.

Watson Sellar
Auditor General of Canada

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

Statement of Surplus for the 12 months ended March 31, 1957

Balance as at April 1, 1956	\$283,906
Add: Prior years' adjustments (net)	42,303
	<hr/> 326,209
Deduct: Adjustment of Cumulative Reduction in Income Tax, Deferred to Future Years (see note)	28,603
	<hr/> 297,606
Add: Net Profit for the 12 months ended March 31, 1957, per Statement of Income and Expense	415,521
	<hr/>
Balance as at March 31, 1957	713,127
	<hr/> <hr/>

Note: This adjustment is for the amount by which income taxes otherwise payable in respect of prior years were reduced by using in the calculations of income tax for those years, capital cost allowances permitted by the Taxation Division instead of the amounts of depreciation provided in the accounts.

VIA "CANADIAN"

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

Statement of Income and Expense for the 12 months ended March 31, 1957

(with comparative figures for the 15 months ended March 31, 1956)

	12 months ended March 31, 1957	15 months ended March 31, 1956
Income	\$2,826,984	\$2,166,431
Expense		
Operating	\$2,600,187	2,162,606
Deduct: Portion applicable to Commonwealth Network	1,794,635	1,561,818
	805,552	600,788
Add: Corporation's share of Commonwealth Network expenses (estimated)	1,025,225	862,236
	1,830,777	1,463,024
Administrative and General	289,060	319,644
Deduct: Portion applicable to Commonwealth Network	118,736	136,392
	170,324	183,252
Add: Corporation's share of Commonwealth Telecommunications Board's expenses (estimated)	3,241	3,648
	173,565	186,900
Traffic Solicitation, Advertising and Publicity	144,744	147,595
	2,149,086	1,797,519
Profit before Provision for Income Tax	677,898	368,912
Provision for Income Tax (see Note 2)	262,377	151,754
Net Profit for Period	415,521	217,158

Notes: (1) The amounts shown for expense for the period ended March 31, 1957 include \$388,880 for depreciation, \$73,341 for remuneration of executives, \$500 for directors' fees, and \$2,356 for legal expenses.

(2) The Provision for Income Tax is calculated by using the amounts of depreciation provided in the accounts rather than using the capital cost allowances claimed for tax purposes. In consequence, the provision exceeded income tax payable for the year by \$36,571.

Ottawa, June 25, 1957

The Honourable George Hees,
Minister of Transport,
Ottawa.

Sir,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the twelve months ended March 31, 1957. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding financial period and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial period, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial period; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,
WATSON SELLAR
Auditor General.

Ass



EIGHTH ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, 1958

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

BOARD OF DIRECTORS

CHAIRMAN

D. F. BOWIE, Town of Mount Royal, Que.

R. M. BROPHY, Toronto, Ont.

JAMES HAMILTON, Vancouver, B.C.

C. P. EDWARDS, Ottawa, Ont.

A. F. MERCIER, Quebec, Que.



HEAD OFFICE

625 BELMONT ST., MONTREAL

D. F. BOWIE	PRESIDENT AND GENERAL MANAGER
R. J. CASSIDY, F.C.I.S.	VICE-PRESIDENT & SECRETARY (deceased March 22, 1958)
R. G. GRIFFITH, P. ENG.	CHIEF ENGINEER
F. A. SMITH	Deputy Chief Engineering
K. L. SPARK	Technical Superintendent
G. M. WATERHOUSE, C.A.	COMPTROLLER
C. S. GREGORY	Chief Accountant
J. E. WINCHCOMBE	Manager of Personnel
J. R. LAMB	TRAFFIC MANAGER
E. J. RYALL	Assistant Traffic Manager (Tariffs)
H. L. BISAILLON	Assistant Traffic Manager (Traffic)
A. R. CARDNO	Superintendent of Operations
C. A. O'BRIEN	MANAGER PUBLIC RELATIONS & TRAFFIC DEVELOPMENT
G. A. COWAN	Traffic Production Manager
L. A. HARROLD	ASSISTANT TO THE VICE-PRESIDENT
A. W. QUIRK	Purchasing Agent

BRANCH OFFICES

C. H. RYDE, Manager, St. John's, Nfld.

C. H. R. BIRD, Station Manager, Yamachiche, Que.

J. W. PERRY, Manager, Vancouver, B.C.

W. D. FOWLIE, Manager, Halifax, N.S.

J. B. HICKS, Manager, Toronto, Ont.

G. M. ATKINS, Manager, Ladner, B.C.

E. A. McWILLIAM, Station Manager, Drummondville, Que.

G. H. CUNNINGTON, Manager, Winnipeg, Man.

H. L. BAXENDALE, Manager, Bamfield, B.C.

THE PRESIDENT'S REPORT

May 23rd, 1958.

HONOURABLE GEORGE H. HEES,
Minister of Transport,
Ottawa, Canada.

Sir,

The Eighth Annual Report, covering the period April 1st, 1957, to March 31st, 1958, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The net profit for the twelve months ended March 31st, 1958, amounted to \$631,354, after providing \$378,050 for Income Tax and \$431,978 for interest on Government Advances.

Figures for the period under review, as well as those for the previous year, are shown in the following summary:

	Year ended March 31, 1958	Year ended March 31, 1957
Income	\$4,230,365	\$2,826,984
Expense:		
Operating	2,862,884	1,830,777
Administrative & General	210,541	173,565
Traffic Solicitation, Advertising & Publicity	147,536	144,744
Total Expense	3,220,961	2,149,086
Profit before provision for Income Tax	1,009,404	677,898
Provision for Income Tax	378,050	262,377
Net Profit for Year	631,354	415,521

Income rose by 50%, the increase being derived from every branch of our operations as will be shown later in the report.

Operating expenses rose by 56%; of this, the increase in the Corporation's share of Commonwealth Network expenses accounted for approximately 36%, the balance reflecting increases in payroll, additional cost resulting from a full year's operating of the Trans-Atlantic Telephone Cable System as compared with only a part of the previous year, larger interest payments on Government advances and more circuit rentals.

Financial Statements for the twelve months ended March 31st, 1958, submitted herewith, have been audited by the Auditor General and his report is also included.

Attention is drawn to the fact that a decision of the Commonwealth Telecommunications Board with respect to the inclusion of the Trans-Atlantic Telephone Cable in the Commonwealth Network is still being awaited, but our accounts for the year have been drawn up on the basis of it being included. If, on the other hand, it should be decided to exclude it from the Network, the figures as shown in this report will be subject to modification in due course although it is not anticipated that much change will occur in the net profit. It is expected that a decision will be reached in the near future.

OPERATIONS

TELEGRAPH SERVICES

Receipts from this source increased by 3%, the increases being fairly well spread in all relations. During the final six months of the year traffic generally tended to decline and although continuing to show improvement over the corresponding months of the previous year, the rate of growth slowed down somewhat up to the end of December, since when it has accelerated slightly. This maintenance of telegraph revenue is significant in the light of the fact that international telex service, which we introduced to the country the year before, is in itself a competitor of the regular telegraph service. This, of course, is also true of the telephone.

A direct radiotelegraph link between Canada and Japan, through our new radio stations at Vancouver, was opened at the end of June, 1957, providing much improved service which brought to the Corporation a substantial amount of traffic which had previously circulated via San Francisco.

Telegraph traffic originating in foreign countries transiting Canada and destined to points beyond continued the steady rise shown in past years although tending to level off during the last half of the year.

TELEPHONE SERVICES

Trans-Atlantic

Service over the new cable continues to develop beyond expectations and, in order to accommodate the growth, new devices were installed enabling us to double the number of circuits previously available to us and these were brought into operation on December 7th, 1957. The extra capacity thus made available assisted materially in catering for a steadily rising requirement which produced an increase of 77%. Plans for a second cable between Canada and the United Kingdom, to which reference was made in last year's report, are progressing according to schedule. If demand continues to grow even at a slower rate, some lack of capacity will arise over the next two or three years but relief from this new cable, which will contain at least sixty circuits, will be provided in 1961.

Trans-Pacific

Service over this route to Australia and New Zealand continues to develop satisfactorily and business handled was more than double that of the previous year.

Newfoundland

As a result of the introduction of additional circuits in step with rising demand and the reduction in rates made in October, 1956, the volume of business between Newfoundland and the Mainland continues the strikingly upward trend of the past few years, reflecting a 58% increase.

West Indies

Conforming to the general pattern for telephone service, the volume on this route continued the rise shown during past years.

INTERNATIONAL TELEX

This service developed steadily and although a proper comparison is not possible as it was only available for the final four months of the previous year, it is clear that it continues to grow more rapidly than had been forecast.

PROGRAMME SERVICES

The use of the Trans-Atlantic Telephone Cable for broadcast purposes was greatly extended during the past year and the exceptional quality of the voice transmissions, as compared with that formerly achieved by radio, has brought with it a steadily growing demand for use of facilities for the purpose.

PICTURE TRANSMISSIONS

The high quality of picture transmissions across the Atlantic by means of the new cable has created the increased demand for this service which was forecast in last year's report. During the course of the visit of Her Majesty The Queen last October, we transmitted 237 pictures to the United Kingdom which were of such quality that they received widespread and very favourable comment.

LEASED CIRCUITS

These also continue in demand and the expected increases in receipts from this source are steadily materializing.

We trust you find the foregoing progress report and financial results for the year under review fully satisfactory. We look forward to the future with confidence in the knowledge that proper steps have been and are being taken to provide adequate overseas telecommunication facilities to meet public demand as it arises in step with the growth and development of the country.

It is with profound regret that it is necessary to record the sudden death on March 22nd, 1958, of Mr. R. J. Cassidy, our Vice-President and Secretary. He had been with the Corporation since its inception in 1950, first in the capacity of Secretary-Treasurer until October 31st, 1954, and then as Vice-President and Secretary. His death is a great loss to the Corporation.

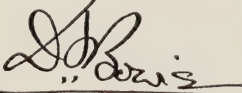
STAFF

The Agreement with our technical and operating employees expired on September 30th, 1957, and a new agreement was written covering a one year period ending September 30th, 1958. That with our clerical employees expired on March 31st, 1958, and a new two year contract was written to be effective April 1st, 1958.

ACKNOWLEDGMENT

It is once again a pleasure to record a wholehearted expression of appreciation to all our officers and staff for their co-operation and loyal efforts during the year just concluded.

D. F. Bowie, Town of Mount Royal, Que.
C. P. Edwards, Ottawa, Ontario
James Hamilton, Vancouver, B.C.
A. F. Mercier, Quebec, Que.



President.

CANADIAN OVERSEAS TEL

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ASSETS

	1958	1957
Cash	\$ 532,331	\$ 397,844
Accounts Receivable	980,086	775,014
Estimated amount recoverable from Commonwealth Network	616,922	301,328
Prepaid Expenses—Inventories of operating supplies, stationery, at cost, etc.	103,430	100,616
Cash and Investments held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra)	623,574	544,170
Former Head Office Land, Building and Equipment, at net book value, pending disposal	—	278,924
Capital Assets, at cost:		
Land, with improvements	\$ 998,517	988,249
Buildings	3,878,050	3,795,515
Trans-Atlantic telephone cable system	4,266,779	4,299,771
Transmitters, receivers and other technical equipment	5,006,153	4,347,330
Office furniture and equipment, etc.	218,956	192,391
	<u>14,368,455</u>	<u>13,623,256</u>
Less: Accumulated provisions for depreciation	<u>1,865,538</u>	<u>1,354,408</u>
	<u>12,502,917</u>	<u>12,268,848</u>
	<u>15,359,260</u>	<u>14,666,744</u>

Certified:

D. F. Bowie

President and General Manager

Approved:

James Hamilton

Director

A. F. Mercier

Director

UNICATION CORPORATION

munication Corporation Act)

31, 1958

31, 1957)

LIABILITIES

	1958	1957
Accounts Payable ...	\$ 418,978	\$ 526,842
Provision for Income Tax	224,358	152,767
Contractors' Holdbacks ...	4,768	47,620
Cumulative Reduction in Income Tax, deferred to future years	112,191	65,174
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company	623,574	544,170
Reserve for obsolescence and increased cost of replacement of certain capital assets	—	280,980
	<u>1,383,869</u>	<u>1,617,553</u>
Capital:		
Advances from the Government of Canada under section 14 of the Act	\$12,636,064	12,336,064
Surplus, per Statement of Surplus	<u>1,339,327</u>	<u>713,127</u>
	<u>13,975,391</u>	<u>13,049,191</u>
	<u>15,359,260</u>	<u>14,666,744</u>

Certified in accordance with my report dated May 16, 1958 to the
Minister of Transport, under section 87 of the Financial Administration Act.

Watson Sellar
Auditor General of Canada

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

Statement of Surplus for the year ended March 31, 1958

Balance as at April 1, 1957	\$ 713,127
Deduct:	
Prior year's adjustments (net)	\$ 16,410
Loss on disposal of capital assets	<u>113,624</u>
	130,034
	583,093
Add: Transfer from reserve for obsolescence and increased cost of replacement of certain capital assets	<u>124,880</u>
	707,973
Add: Net profit for the year ended March 31, 1958, per Statement of Income and Expense	<u>631,354</u>
Balance as at March 31, 1958	<u><u>1,339,327</u></u>

VIA CANADIAN

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

Statement of Income and Expense for the year ended March 31, 1958

(with comparative figures for the year ended March 31, 1957)

	1958	1957
<u>Income</u>	<u>\$4,230,365</u>	<u>\$2,826,984</u>
<u>Expense</u>		
Operating	\$3,634,209	2,600,187
Deduct: Portion applicable to Commonwealth Network	2,169,013	1,794,635
	<u>1,465,196</u>	<u>805,552</u>
Add: Corporation's share of Commonwealth Network expenses (estimated)	1,397,688	1,025,225
	<u>2,862,884</u>	<u>1,830,777</u>
Administrative and General	345,937	289,060
Deduct: Portion applicable to Commonwealth Network	139,521	118,736
	<u>206,416</u>	<u>170,324</u>
Add: Corporation's share of Commonwealth Telecommunications Board's expenses (estimated)	4,125	3,241
	<u>210,541</u>	<u>173,565</u>
Traffic Solicitation, Advertising and Publicity	147,536	144,744
	<u>3,220,961</u>	<u>2,149,086</u>
Profit before Provision for Income Tax	1,009,404	677,898
Provision for Income Tax (see Note 2)	378,050	262,377
<u>Net Profit for Year</u>	<u><u>631,354</u></u>	<u><u>415,521</u></u>

Notes: (1) Included in the above expenses for 1958, are: depreciation, \$565,379; remuneration of executive officers, \$77,765; directors' fees, \$450; and legal expenses, \$1,752.

(2) The Provision for Income Tax is calculated by using the amounts of depreciation provided in the accounts rather than using the capital cost allowances claimed for tax purposes. In consequence, the provision exceeded income tax payable for the year by \$34,875.

Ottawa, May 16, 1958

The Honourable George Hees,
Minister of Transport,
Ottawa.

Sir,

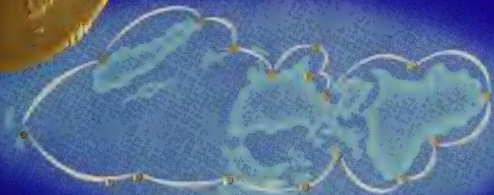
The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the year ended March 31, 1958. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,
WATSON SELLAR
Auditor General.



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CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

9th annual report

FOR THE YEAR ENDED MARCH 31, 1959

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VIA "CANADIAN"



The world at your call

Canadian Overseas Telecommunication Corporation

625 Belmont Street, Montreal



BOARD OF DIRECTORS

Chairman

D. F. BOWIE

Town of Mount Royal, Que.

J. HAMILTON. *Vancouver, B.C.*

N. E. HARDY. *Toronto, Ont.*

G. E. MARTIN. *Halifax, N.S.*

P. PELLETIER. *Montreal, Que.*

Head Office

D. F. BOWIE

PRESIDENT AND GENERAL MANAGER

R. G. GRIFFITH, P.ENG.

VICE-PRESIDENT & CHIEF ENGINEER

F. A. SMITH

DEPUTY CHIEF ENGINEERING

K. L. SPARK

TECHNICAL SUPERINTENDENT

C. S. GREGORY

SECRETARY

G. M. WATERHOUSE, C.A.

COMPTROLLER

T. E. LADEROUTE

CHIEF ACCOUNTANT

J. E. WINCHCOMBE

MANAGER OF PERSONNEL

J. R. LAMB

TRAFFIC MANAGER

E. J. RYALL

ASSISTANT TRAFFIC MANAGER (TARIFFS)

H. L. BISAILLON

ASSISTANT TRAFFIC MANAGER (TRAFFIC)

A. R. CARDNO

SUPERINTENDENT OF OPERATIONS

C. A. O'BRIEN

MANAGER PUBLIC RELATIONS

G. A. COWAN

TRAFFIC PRODUCTION MANAGER

L. A. HARROLD

ASSISTANT TO THE VICE-PRESIDENT

A. W. QUIRK

PURCHASING AGENT

BRANCH OFFICES

C. H. RYDE, MANAGER, ST. JOHN'S, Nfld. - C. H. R. BIRD, STATION MANAGER, YAMACHICHE, QUE. - J. W. PERRY, MANAGER, VANCOUVER, B.C.
W. D. FOWLIE, MANAGER, HALIFAX, N.S. - E. A. MCWILLIAM, STATION MANAGER, DRUMMONDVILLE, QUE. - G. M. ATKINS, MANAGER, LADNER, B.C.
J. B. HICKS, MANAGER, TORONTO, ONT. - H. L. BAXENDALE, MANAGER, BAMFIELD, B.C. - G. H. CUNNINGTON, MANAGER, WINNIPEG, MAN.

The President's Report

June 16th, 1959.

Honourable George H. Hees,
Minister of Transport,
Ottawa, Canada.

Sir,

The Ninth Annual Report, covering the fiscal year April 1st, 1958, to March 31st, 1959, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The net profit for the twelve months ended March 31st, 1959, amounted to \$625,703, after providing \$565,426 for Income Tax and \$446,206 for interest on Government Advances. Income rose by 13%.

At the Commonwealth Telecommunications Conference held in London last year it was decided that:

- a) The present financial arrangements of the Commonwealth Telecommunications System were not suitable for the accommodation of such large new assets as the new trans-Atlantic cables and it was recommended, therefore, that they be not included in the existing scheme;
- b) Nevertheless, the basic principles of the common-user system were considered so valuable that it was recommended that they should be preserved for the benefit of all participants in the "round-the-world" cable system, referred to later in this report, and it was recommended that Commonwealth Governments should consider the setting up of a new Wayleave Account in respect of the intra-Commonwealth "round-the-world" system. The new account would broadly have the same features as the old but, initially, the only parties to it would be the United Kingdom and Canada, owners of the trans-Atlantic cables which constitute the first segment of the proposed system.



Generally, this decision has the effect of the Commonwealth countries, other than the United Kingdom and Canada, not bearing directly any of the annual expense of these assets for the time being at least. On the other hand, our share of the expense of operating the old system has decreased as a result of our reduced use of it. As a further result of this modification which is retroactive to September 25th, 1956 — the opening date of the Trans-Atlantic Telephone Cable — our reported surpluses for 1956/57 and 1957/58 have been reduced appropriately.

Due to a recent change in the Income Tax Act, the Corporation's provision for Income Tax has increased substantially for the year ended March 31st, 1959. As this change was made retroactive to the taxation year 1957, an adjustment for the last two years has been made in the Statement of Surplus.

Our accounts for the year under review incorporate the effect of the changes noted above. For purposes of

comparison, the figures shown in the following summary for the year ended March 31st, 1958, give effect to the adjustments, for that year, reflected in the Statement of Surplus.

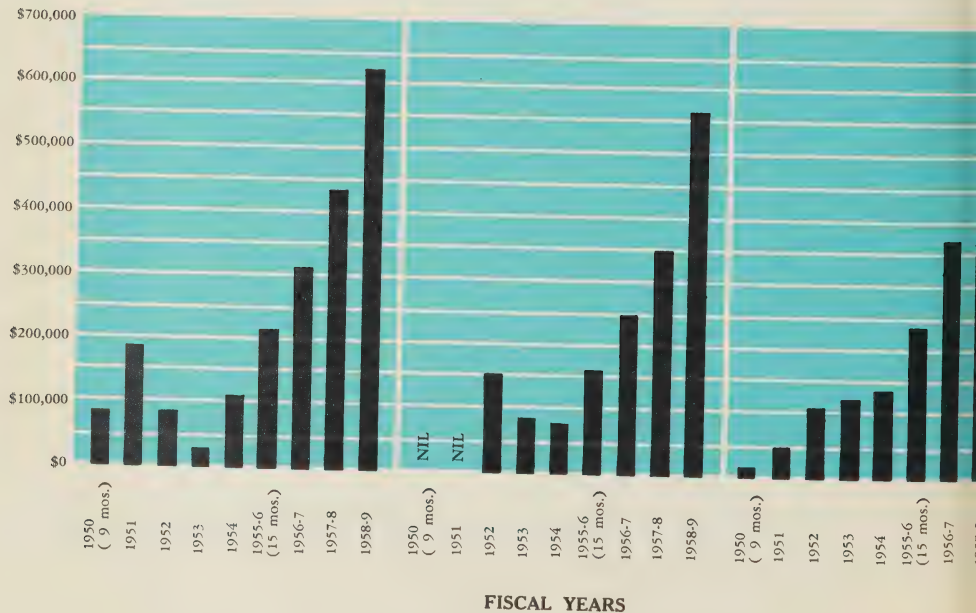
	Year ended March 31 1959	Year ended March 31 1958
Income	\$4,773,194	\$4,230,365
Expense:		
Operating	3,200,578	3,080,484
Administrative & General . .	234,511	210,541
Traffic Solicitation, Advertising & Publicity . .	146,976	147,536
Total Expense	3,582,065	3,438,561
Profit before provision for Income Tax	1,191,129	791,804
Provision for Income Tax . . .	565,426	358,206
Net Profit for Year	625,703	433,598

Financial Statements for the twelve months ended March 31st, 1959, submitted herewith, have been audited by the Auditor General and his report is included.

NET PROFITS

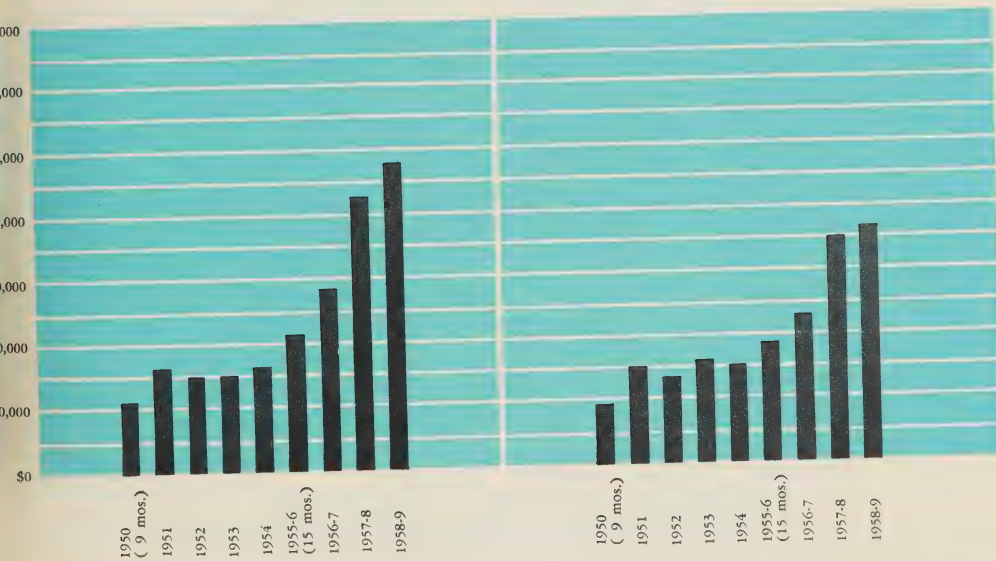
INCOME TAX

INTEREST CHARGE



ANNUAL REVENUE

ANNUAL EXPENSES



FISCAL YEARS

OPERATIONS

TELEGRAPH SERVICES

Overall telegraph revenue decreased by approximately 2%. This arose from a considerable reduction in traffic originating in foreign countries transiting Canada and destined to points beyond. We have no means of controlling the volume of this traffic and it is therefore always liable to be a doubtful factor.

Public telegraph traffic of Canadian origin increased by 3%. During the early part of the year, returns reflected some uncertainty but, latterly, business improved and in the end we achieved the small increase noted. This is regarded as significant as greater use continues to be made of our telex, telephone and leased circuit services by the heavier users. All these services compete directly for the public telegraph traffic and even a modest increase in revenue from the latter, therefore, indicates a healthy condition.

A direct radiotelegraph service between Montreal and Rome was opened in April, 1958, and results show an important increase in traffic affected by the new facility.

TELEPHONE SERVICES

Trans-Atlantic

Public use of this service over the trans-Atlantic cable route continued to grow and showed an 11% increase over the previous year. As indicated elsewhere in this report, we were deprived of the use of the cable for a full eight days and although all of our radio equipment and facilities were pressed into service during the period, we were not able to carry anything like a normal amount of calls. This reduced to some extent the increased volume which had been expected.

Trans-Pacific

The number of calls on this route to Australia and New Zealand continues to grow and, during the year under review, revenue increased by 21%.



Newfoundland

Additional circuits were introduced during the year and business handled reflected a further 46% increase. It is of interest to note that available capacity is now more than twenty times greater than when the corporation assumed responsibility for this service in 1950.

West Indies

In conformity with the general pattern of growth in the use of the telephone by the public, the year shows an increase of 33% over the previous period.

INTERNATIONAL TELEX

There is a continuing and steadily growing demand for this type of service and a 25% increase in revenue has been achieved.

BASED CIRCUITS

Although probably retarded to some degree by economic factors affecting business generally and result-

ing in anticipated leases not materializing quite as quickly as had been forecast, nevertheless, new leases produced an important increase in revenue from this source amounting to 32%.

PROGRAMME SERVICES

This service, which provides high quality voice transmissions for broadcasting purposes, was in heavy demand throughout the year which resulted in an increase amounting to 116%.

PICTURE TRANSMISSIONS

As there were no exceptionally newsworthy events in Canada calling for the use of this service during the year under review, revenue diminished from last year's peak to a more normal level. This service is considered as being one which must be provided from the point of view of public service and national prestige but not as being financially attractive.

GENERAL

Major planning during the past year has been concerned with the new Canada-United Kingdom multi-channel multi-purpose cable, scheduled for completion in 1961. The need for this system will become acute by that time as we are already utilizing all available capacity in the existing cable during peak hours and demand is steadily rising.

We have recently concluded arrangements for the provision, jointly with the Great Northern Telegraph Company of Denmark, for a telephone cable between Newfoundland and Greenland and Iceland — for ultimate connection with the United Kingdom — primarily to meet the telecommunications requirements of the International Civil Aviation Organization. This project is scheduled for completion by 1962 at the latest and will provide the stability of communications for air operations across the Atlantic Ocean long sought by the civilian air services and now imperative to meet the speed and reliability of communications demanded by the jet age.

A Commonwealth Telecommunications Conference was held in London during June and July, 1958, at which time senior officers of the Corporation assisted as members of the Canadian Delegation and at which decisions were taken to recommend to the various Commonwealth Governments that a "round-the-world" telephone cable network be planned and constructed. The Conference, amongst other items, also recommended some modifications to existing financial arrangements which are referred to in the Financial Section of this report.

On February 21st the Trans-Atlantic Telephone Cable was broken about 200 miles east of Newfoundland and remained out of service for eight days. All our stand-by equipment and resources were brought into operation and in spite of the many difficulties involved, we were able to set up substantial emergency facilities and circuits to take care of leases, public telegraph and telex services although somewhat restricted as regards the latter. Telephone service was partially maintained over radio circuits which functioned well at the beginning of the week but deteriorated badly towards the end.



As a result of this experience, valuable knowledge has been gained which we hope, in conjunction with the addition of certain equipment covered in our budget for the current year, will enable us to carry on more effectively in the event of similar occurrences in the future.

STAFF

The Agreement with our technical and operating employees expired on September 30th, 1958, and a new agreement was written covering a one-year period ending September 30th, 1959.

ACKNOWLEDGMENT

It is a continuing pleasure to include in the report a wholehearted expression of appreciation to all our officers and staff for their excellent work and co-

operation during the year. On this occasion it is proper to make a special reference to the exceptional efforts made by all to maintain services during the recent difficult time when the Trans-Atlantic Telephone Cable was interrupted.

President.

Canadian Overseas T

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BALANCE SHEET AS AT MARCH 31,

ASSETS

	1959	1958
Cash	\$ 910,742	\$ 532,331
Accounts Receivable	826,259	980,086
Estimated amount recoverable from Commonwealth Network	541,412	616,922
Prepaid Expenses — Inventories of operating supplies, stationery, at cost, etc.	120,731	103,430
Cash and Investments held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra)	699,850	623,574
Capital Assets, at cost:		
Land, with improvements	\$ 1,012,034	998,517
Buildings	3,976,533	3,878,050
Trans-Atlantic telephone cable systems.....	4,994,254	4,266,779
Transmitters, receivers and other technical equipment	5,580,166	5,006,153
Office furniture and equipment, etc.	236,360	218,956
	<u>15,799,347</u>	<u>14,368,455</u>
Less: Accumulated provisions for depreciation	<u>2,441,496</u>	<u>1,865,538</u>
	<u>13,357,851</u>	<u>12,502,917</u>
	<u>16,456,845</u>	<u>15,359,260</u>

Certified:

D. F. BOWIE,
President and General Manager

Approved:

J. HAMILTON,
Director

P. PELLETIER,
Director

unification Corporation

UNIFICATION CORPORATION ACT)

figures as at March 31, 1958)

LIABILITIES

	1959	1958
Accounts Payable	\$ 614,343	\$ 423,746
Provision for Income Tax	336,609	224,358
Cumulative Reduction in Income Tax, deferred to future years	167,333	112,191
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company	699,850	623,574
	<u>1,818,135</u>	<u>1,383,869</u>
Capital:		
Advances from the Government of Canada under section 14 of the Act	\$ 12,978,883	12,636,064
Surplus, per Statement of Surplus	<u>1,659,827</u>	1,339,327
	14,638,710	
	<u><u>16,456,845</u></u>	<u><u>15,359,260</u></u>

Certified in accordance with my report dated June 15, 1959, to the Minister of Transport, under section 87 of the Financial Administration Act.

WATSON SELLAR
Auditor General of Canada

Canadian Overseas Telecommunication Corporation

Statement of Surplus for the year ended March 31, 1959

Balance as at April 1, 1958		\$ 1,339,327
Deduct: Prior years' adjustments —		
Additional share of Commonwealth Network expenses for years ended March 31, 1957 and 1958 (after allowing \$157,700 for income tax adjustment thereon)	\$ 177,800	
Additional provision for income tax in respect of the years ended March 31, 1957 and 1958 arising from amendment of the Income Tax Act having retroactive effect	132,700	
	<u>310,500</u>	
Less:		
Final settlement with the Commonwealth Network for year ended March 31, 1956	\$ 13,172	
Adjustment of real estate taxes	18,337	
Other miscellaneous adjustments (net)	<u>1,020</u>	
	<u>32,529</u>	
		<u>277,971</u>
		1,061,356
Deduct:		
Loss on disposal of capital assets	11,582	
Adjustment of cumulative reduction in income tax deferred to future years — resulting from additional provision for income tax in respect of prior years	<u>15,650</u>	
		<u>27,232</u>
		1,034,124
Add:		
Net profit for the year ended March 31, 1959, per Statement of Income and Expense		625,703
Balance as at March 31, 1959		<u><u>1,659,827</u></u>

Canadian Overseas Telecommunication Corporation

Statement of Income and Expense for the year ended March 31, 1959

(with comparative figures for the year ended March 31, 1958, after giving effect to adjustments for that year reflected in the Statement of Surplus)

	1959	1958
Income	<u>\$ 4,773,194</u>	<u>\$ 4,230,365</u>
Expense		
Operating	\$ 3,924,325	3,634,209
Deduct: Portion applicable to Commonwealth Network	<u>2,398,770</u>	<u>2,169,013</u>
	1,525,555	1,465,196
Add: Corporation's share of Commonwealth Network expenses (estimated)	<u>1,675,023</u>	<u>1,615,288</u>
	3,200,578	<u>3,080,484</u>
Administrative and General	384,836	345,937
Deduct: Portion applicable to Commonwealth Network	<u>153,981</u>	<u>139,521</u>
	230,855	206,416
Add: Corporation's share of Commonwealth Telecommunications Board's expenses (estimated)	<u>3,656</u>	<u>4,125</u>
	234,511	210,541
Traffic Solicitation, Advertising and Publicity	<u>146,976</u>	<u>147,536</u>
	<u>3,582,065</u>	<u>3,438,561</u>
Profit before Provision for Income Tax	1,191,129	791,804
Provision for Income Tax	<u>565,426</u>	<u>358,206</u>
Net Profit for Year	<u>625,703</u>	<u>433,598</u>

Notes: (1) Included in the above expenses for 1959, are: depreciation, \$614,048; remuneration of executive officers, \$81,567; directors' fees, \$700; and legal expenses, \$1,167.

(2) The Provision for Income Tax is calculated by using the amounts of depreciation provided in the accounts rather than using the capital cost allowances claimed for tax purposes. In consequence, the provision exceeded income tax payable for the year by \$37,643.

Ottawa, June 15, 1959.

The Honourable George Hees,
Minister of Transport,
Ottawa.

Sir,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the year ended March 31, 1959. In order to permit fair comparison, the figures for the year ended March 31, 1958, in the Statement of Income and Expense, have been adjusted to reflect adjustments recorded in the Statement of Surplus in respect of the additional share of Commonwealth Network expenses now estimated to be payable. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,
WATSON SELLAR
Auditor General.

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ANNUAL

REPORT

FOR THE YEAR ENDED

MARCH 31, 1960

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

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ANNUAL
REPORT

FOR THE YEAR ENDED
MARCH 31, 1960

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION





BOARD OF DIRECTORS

CHAIRMAN	D. F. BOWIE	<i>Town of Mount Royal, Que.</i>
	N. E. HARDY	<i>Toronto, Ont.</i>
	G. E. MARTIN	<i>Halifax, N.S.</i>
	P. PELLETIER	<i>Montreal, Que.</i>
	G. P. PURCELL	<i>Toronto, Ont.</i>
	J. HAMILTON (Until March 14th, 1960)	<i>Vancouver, B.C.</i>

MANAGEMENT

D. F. BOWIE

President and General Manager

R. G. GRIFFITH, P.Eng.

Vice-President and Chief Engineer

G. M. WATERHOUSE, C.A.

Comptroller

J. R. LAMB

Traffic Manager

C. S. GREGORY

Secretary

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL

THE PRESIDENT'S REPORT

June 22, 1960.

Honourable George H. Hees,
Minister of Transport,
Ottawa, Canada.

Sir,

The Tenth Annual Report, covering the fiscal year April 1st, 1959 to March 31st, 1960, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended March 31	
	1960	1959
Income	\$5,777,932	\$4,773,194
Interest on Government Advances	528,790	446,206
Income Tax	938,407	565,426
Net Profit for Year	947,638	625,703

Financial Statements for the twelve months ended March 31, 1960, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

REVENUE

Overall revenue increased by 21% compared with the previous year. The following schedule illustrates the percentage of increase realized by the Corporation's services:

Telegraph	5%
Telephone	20%
International Telex	106%
Leased Circuits	22%
Programme Transmissions	56%
Picture Transmissions	165%

SERVICES

TELEGRAPH

The increase in telegraph revenue is considered to be satisfactory and indicates a continuing healthy condition because, as will be seen from subsequent comments under other sub-headings, much more use is being made of our telephone, telex and leased circuit services. All of these compete directly with the public message telegraph service and may ultimately bring about a condition of diminishing revenue from this service.

TELEPHONE

All telephone services — Trans-Atlantic, Trans-Pacific, Newfoundland and West Indies — produced substantial revenue increases.

TRANS-ATLANTIC

Demand continues to rise and it is apparent that, with the limited capacity available to us in the first Trans-Atlantic Telephone Cable, additional congestion will develop during peak hours and will continue until the situation is relieved in the Fall of 1961 when the new Canada-United Kingdom telephone cable system will be completed and brought into operation. All possible use is being made of radio facilities when propagation conditions are satisfactory in order to relieve the condition during the intervening period.

TRANS-PACIFIC

Public telephone requirements between Canada and Australia and New Zealand continued to increase. Service with Japan was commenced on a new radio link in November 1959 and results so far are most encouraging.

NEWFOUNDLAND

Still more circuits have been and are being brought into operation in order to handle the business being offered.

WEST INDIES

Although not a major source of income, revenues continued the upward trend experienced in telephone services generally.

ST. PIERRE AND MIQUELON

Radiotelephone service was inaugurated in November last.

CAPITAL INVESTMENTS

ANNUAL REVENUE

\$28,000,000.

\$24,000,000.

\$20,000,000.

\$16,000,000.

\$12,000,000.

\$8,000,000.

\$4,000,000.

1950 (9ms).
1951.
1952.
1953.
1954.
1955-56
(15 ms).
1957.
1958.
1959.
1960.

\$26,100,564.

UNDER CONSTRUCTION

\$6,000,000.

\$5,000,000.

\$4,000,000.

\$3,000,000.

\$2,000,000.

\$1,000,000.

\$0

1950 (9ms).
1951.
1952.
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1954.
1955-56
(15 ms).
1957.
1958.
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1960.

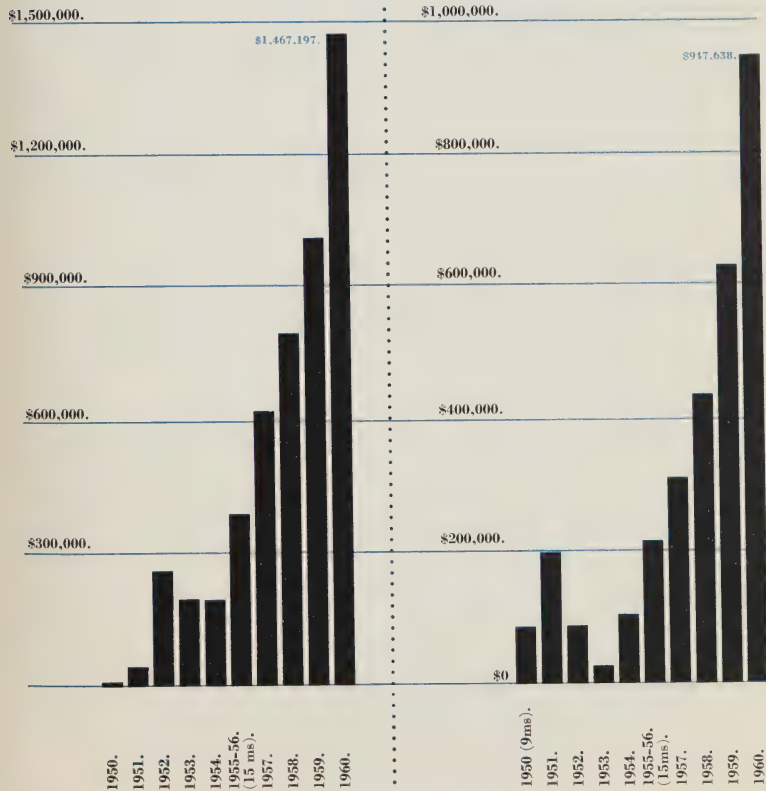
\$5,777,932.

FISCAL YEARS

INTEREST AND INCOME TAX

(Paid to Receiver General of Canada)

NET PROFIT



FISCAL YEARS

THE PRESIDENT'S REPORT (CONTINUED)

INTERNATIONAL TELEX

Results over the year far exceeded expectations and a satisfactory growth has been maintained during the months succeeding the end of the fiscal year under review.

LEASED CIRCUITS

The use of this type of service is steadily developing and when our new cable comes into operation in 1961 we shall have ample capacity to meet anticipated Trans-Atlantic requirements.

PROGRAMME TRANSMISSIONS

The high quality voice transmissions provided under this heading, which are mainly used for broadcast purposes, were in greater demand. The trend is expected to continue.

PICTURE TRANSMISSIONS

Arising from the visit to Canada of Her Majesty The Queen, H.R.H. Prince Philip and the President of the United States for the opening of the St. Lawrence Seaway, there was heavy use of this facility by the Press. This would have been even greater had not labour problems in the United Kingdom at that time compelled British papers to cut down on the volume of material which they could publish.

GENERAL

Manufacture of cable and repeaters for the Canada-United Kingdom cable is proceeding and completion of the system is scheduled for the Fall of 1961. Contracts have been placed for the Canada-Greenland-Iceland cable system and the opening of operations is planned for the Fall of 1962. Buildings in Cornerbrook, Newfoundland and at Grosses Roches, Quebec, designed to accommodate the terminals of these systems, have been completed by the builders and taken over by the Corporation. Terminal equipment installation is now taking place.

On the invitation of the Government of Australia, a conference was held in Sydney, N.S.W., commencing on September 28th, 1959, and which was attended by representatives of Great Britain, New Zealand, Australia and Canada. It was called for the purpose of studying the practicability of a trans-Pacific telephone cable system between Vancouver Island and New Zealand and Australia which is to become a segment of the Commonwealth round-the-world telephone cable network, as recommended by the Commonwealth Telecommunications Conference 1958. Arising from discussions, recommendations were subsequently made to the Governments of the four countries concerned who have approved them. Detailed planning and engineering are now proceeding and completion of this segment is expected early in 1964.

TEN YEAR REVIEW

It seems appropriate, at the conclusion of our first ten years of operations, to make a general review of progress during this period. The pillar graphs included in the report clearly indicate the financial changes which have taken place over the years but they do not show the service improvements which have been made since the inception of the Corporation.

In 1950 we took over the overseas telecommunications services and the facilities within Canada previously owned and operated by Cable and Wireless Limited and Canadian Marconi Company. Whilst these had been reasonably adequate to meet normal requirements up to that time, it subsequently became clear that considerable expansion of facilities was imperative if we were to cope with the demands for service which would obviously ride along with or even ahead of the expansion of Canadian international trade and relations. A suitable programme was therefore prepared and carried out.

The following resume of changes and additions serves to indicate the extent of the improved services now available to the public:

- i) Additional installations at Drummondville and Yamachiche, Que., for the purposes of direct radiotelegraph communication between Canada and France, Italy and Germany.
- ii) A new cable station at St. John's, Nfld., and renewal of the direct Canada-United Kingdom telegraph cable.
- iii) New radio sending and receiving stations at Cloverdale and Ladner, B.C., providing direct radiotelegraph, radiotelephone, telex and picture transmission services with Australia, New Zealand and Japan.
- iv) Bamfield cable operating station abandoned and the two Pacific telegraph cables extended to a new automatic relay station at Port Alberni, B.C., this change resulting in substantial economies as well as more efficient operations.
- v) New terminal operating building at Vancouver.
- vi) New Head Office building in Montreal in which is housed the main operating centre.
- vii) In collaboration with the British Post Office and American Telephone and Telegraph Company, the first Trans-Atlantic Telephone cable was constructed and installed and brought into service in 1956, presently providing for Canada 13 high quality voice circuits and 22 telegraph circuits and permitting the following important developments:
 - a) greatly improved overseas telephone service;
 - b) international telex with 46 countries;
 - c) high fidelity programme services to and from the United Kingdom and Europe;
 - d) first class picture transmissions which enabled Canada to share with the United Kingdom the honour of producing the first trans-Atlantic Slow Scan television pictures on the occasion of the visit to Canada of Her Majesty The Queen in 1959;
 - e) capacity for privately leased circuits;
 - f) provision of adequate telephone capacity between the Mainland and Newfoundland — now comprising 24 circuits;
 - g) provision of facilities to meet defence and government communication requirements.

PROJECTS IN THE COURSE OF PLANNING AND CONSTRUCTION

Canada-United Kingdom 80 circuit telephone cable due for completion in 1961.

(A joint project with the United Kingdom)

Canada-Greenland-Iceland 24 circuit telephone cable due for completion in 1962 — primarily to meet the North Atlantic communications needs of International civil aviation.

(A joint project with the Great Northern Telegraph Company of Denmark)

Canada-New Zealand-Australia 80 circuit telephone cable due early in 1964.

(A joint project with the United Kingdom, Australia and New Zealand)

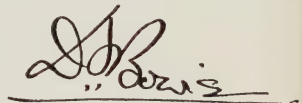
With these new facilities all coming into service within the next four years we can look to the future with confidence in the knowledge that provision has been made for foreseeable requirements and that we may anticipate continuing satisfactory returns.

STAFF

The Agreement with our technical and operating employees expired on September 30th, 1959, and a new agreement was written covering the period ending September 30th, 1960. The Agreement with our clerical staff expired on March 31st, 1960, and a new contract was written covering the period ending March 31st, 1961.

ACKNOWLEDGMENT

It is once again a great pleasure to include a special expression of appreciation to all our officers and staff for their excellent efforts and co-operation during the past year.

A handwritten signature in dark ink, appearing to read "J. J. Lewis", is written over a horizontal line.

President.

OFFICERS

F. A. SMITH
Deputy Chief Engineering

C. A. O'BRIEN
Manager, Public Relations

K. L. SPARK
Technical Superintendent

L. A. HARROLD
Property Manager

E. J. RYALL
Assistant Traffic Manager (Tariffs)

H. L. BISAILLON
Assistant Traffic Manager (Traffic)

T. E. LADEROUTE
Special Studies

A. R. CARDNO
Superintendent of Operations

J. E. WINCHCOMBE
Manager of Personnel

A. W. QUIRK
Purchasing Agent

BRANCH OFFICES

C. H. RYDE, *Manager, St. John's, Nfld.*

W. D. FOWLIE, *Manager, Halifax, N.S.*

J. B. HICKS, *Manager, Toronto, Ont.*

C. H. R. BIRD, *Station Manager, Yamachiche, Que.*

E. A. McWILLIAM, *Station Manager, Drummondville, Que.*

J. W. PERRY, *Manager, Vancouver, B.C.*

G. M. ATKINS, *Manager, Ladner, B.C.*

G. H. CUNNINGTON, *Manager, Winnipeg, Man.*

CANADIAN OVERSEAS TEL

(ESTABLISHED BY THE CANADIAN O

BALANCE SH

(with comparati

ASSETS	1960	1959
Cash	\$ 1,593,919	\$ 910,742
Treasury Bills of Canada	3,984,870	—
Accounts Receivable	847,334	826,259
Estimated amount recoverable from Commonwealth Network	119,238	541,412
Prepaid Expenses—Inventories of operating supplies, station- ery, etc., at cost	118,552	120,731
Cash and Investments held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra)	779,821	699,850
Capital Assets, at cost:		
Land, with improvements	\$ 1,031,224	1,012,034
Buildings	3,989,768	3,976,533
Trans-Atlantic telephone cable systems (including cable systems under con- struction, \$10,792,791)	15,116,580	4,994,254
Transmitters, receivers and other techni- cal equipment	5,757,054	5,580,166
Office furniture and equipment, etc. . .	205,938	236,360
	26,100,564	15,799,347
Less: Accumulated provisions for depre- ciation	2,952,465	2,441,496
	23,148,099	13,357,851
	30,591,833	16,456,845

Certified: (Sgd.) D. F. BOWIE,
President and General Manager.

Approved: (Sgd.) G. E. MARTIN,
Director.

(Sgd.) PAUL PELLETIER,
Director.

NICATION CORPORATION

MUNICATION CORPORATION ACT)

RCH 31, 1960

rch 31, 1959)

	LIABILITIES	1960	1959
Accounts Payable		\$ 3,808,187	\$ 614,343
Provision for Income Tax		621,668	336,609
Cumulative Reduction in Income Tax, deferred to future years		203,505	167,333
Provision for actuarial deficiencies in pension funds for em- ployees participating in pension plans of predecessor company		779,821	699,850
		5,413,181	1,818,135
Capital:			
Advances from the Government of Canada under section 14 of the Act	\$22,589,544		12,978,883
Surplus, per Statement of Surplus	2,589,108		1,659,827
		25,178,652	
		30,591,833	16,456,845

Certified in accordance with my report
dated June 14, 1960 to the Minister of Transport, under
section 87 of the Financial Administration Act.

A. M. HENDERSON,
Auditor General of Canada.

CANADIAN OVERSEAS TELEPHONE

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1960 (WITH COMPARATIVE FIGURES FOR THE YEAR ENDED MARCH 31, 1959)

	1960	1959
Income—		
Telegraph, telephone, telex, circuit rentals, etc.	\$ 5,777,932	\$ 4,773,194
Expense—		
Operating salaries and wages	\$ 1,542,049	1,425,430
Administrative salaries	352,662	335,700
Employees' welfare benefits	181,476	166,965
Rental of circuits, etc.	854,694	803,892
Operation and maintenance of Head Office building	241,761	228,313
Provisions for depreciation	628,014	614,048
Miscellaneous	848,573	881,789
	<hr/> 4,649,229	<hr/> 4,456,137
Add: Corporation's share of Commonwealth Network expenses (estimated)	1,890,904	1,675,023
	<hr/> 6,540,133	<hr/> 6,131,160
Deduct: Portion of expenses applicable to Commonwealth Network	2,648,246	2,549,095
	<hr/> 3,891,887	<hr/> 3,582,065
Profit before Provision for Income Tax	1,886,045	1,191,129
Deduct: Provision for Income Tax	938,407	565,426
Net Profit for Year	<hr/> 947,638	<hr/> 625,703

Note: Included in the above expenses for 1960, are: remuneration of executive officers, \$73,706; directors' fees, \$1,300; and legal expenses, \$302.

NICATION CORPORATION

STATEMENT OF SURPLUS FOR THE YEAR ENDED MARCH 31, 1960

Balance as at April 1, 1959	\$ 1,659,827
Deduct: Prior years' adjustments	18,357
	<hr/>
	1,641,470
Add: Net profit for the year ended March 31, 1960 per Statement of Income and Expense	947,638
	<hr/>
Balance as at March 31, 1960	<u><u>2,589,108</u></u>

AUDITOR'S REPORT

Ottawa, June 14, 1960.

The Honourable George Hees,
Minister of Transport,
Ottawa.

Sir,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the year ended March 31, 1960. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- a) proper books of account have been kept by the Corporation;
- b) the financial statements of the Corporation
 - i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General.

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11th Annual Report

FOR THE YEAR ENDED MARCH 31, 1961

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

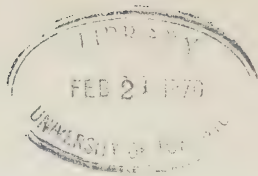
CALCO
-ASS

"THE WORLD AT YOUR CALL"

La
Co
...



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS



BOARD OF DIRECTORS

Chairman D. F. BOWIE

Town of Mount Royal, Que.

N. E. HARDY

Toronto, Ont.

G. E. MARTIN

Halifax, N.S.

P. PELLETIER

Montreal, Que.

G. P. PURCELL

Toronto, Ont.

ANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
R. G. GRIFFITH, P. Eng.	<i>Vice-President and Chief Engineer</i>
G. M. WATERHOUSE, C.A.	<i>Comptroller</i>
J. R. LAMB	<i>Traffic Manager</i>
C. S. GREGORY	<i>Secretary</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 22, 1961

HONOURABLE LEON BALZER,
MINISTER OF TRANSPORT,
OTTAWA, CANADA.

Sir,

The Eleventh Annual Report, covering the fiscal year April 1st, 1960 to March 31st, 1961, is herewith submitted on behalf of the Board of Directors, in accordance with the requirement of the Financial Administration Act.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

										Year ended March 31	
										1961	1960
Income	-	-	-	-	-	-	-	-	-	\$7,273,647	\$5,777,933
Interest on Government Advances	-	-	-	-	-	-	-	-	-	1,163,354	528,790
Income Tax	-	-	-	-	-	-	-	-	-	1,332,413	938,400
Net Profit for Year	-	-	-	-	-	-	-	-	-	1,363,751	947,638

Financial Statements for the twelve months ended March 31, 1961, submitted herewith have been audited by the Auditor General and a copy of his report is included.

REVENUE

Overall revenue increased by 25.9% compared with the previous year. The following schedule illustrates the percentage of increase realized by the various services provided by the Corporation:

Telegraph	-	-	-	-	-	-	-	5%
Telephone	-	-	-	-	-	-	-	10%
International Telex	-	-	-	-	-	-	-	2%
Leased Circuits	-	-	-	-	-	-	-	116%

Programme and Picture Transmission revenues showed no noteworthy changes.

SERVICES

TELEGRAPH

The increase in telegraph revenue is satisfactory and a reduction in revenue which was mentioned in last year's report as being a possibility owing to competition from other services which we ourselves supply as well as that from other sources did not in fact materialize.

TELEPHONE

All services — Trans-Atlantic, Trans-Pacific, Newfoundland and West Indies — produced satisfactory increases.

TRANS-ATLANTIC

Demand continues to rise and the additional congestion during peak hours due to limited capacity which was forecast in last year's report did develop. The new Canada-United Kingdom multichannel multipurpose cable is being laid at the time of writing and will be brought into operation around the end of October. At that time, an additional 80 voice circuits will be made available and we should then be in a position to provide for currently foreseeable requirements.

TRANS-PACIFIC

There is a steadily rising demand for service between Canada and Australia, New Zealand and Japan which is reflected in the satisfactory increase over last year's figures. Our radio systems with Australia and New Zealand are now being used extensively for service between those two countries and the United Kingdom — an operation which calls for simultaneous use of these systems with the Trans-Canada microwave network and the Trans-Atlantic cables. The route thus formed has proved to be of material assistance to our Commonwealth partners.

NEWFOUNDLAND

Still more circuits have been provided for this operation in order to keep abreast of growth and to meet continuing expansion of demand.

WEST INDIES

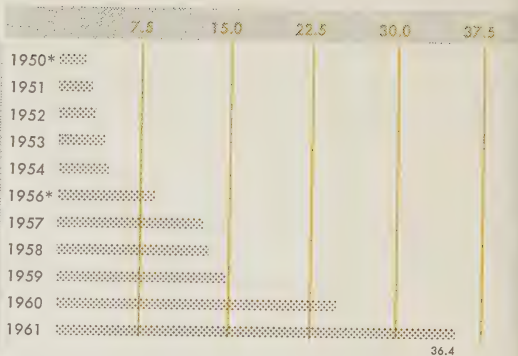
Revenues continued their upward trend and, although this still is not a major source of income, the service provided meets an important public need.

ST. PIERRE AND MIQUELON

This too is a small revenue producer but it serves a useful purpose during a limited daily period.

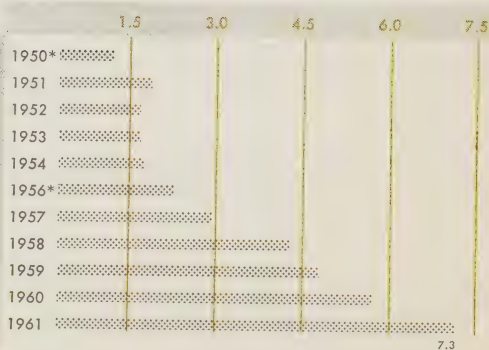
MILLIONS OF DOLLARS

CAPITAL INVESTMENT



MILLIONS OF DOLLARS

ANNUAL REVENUE

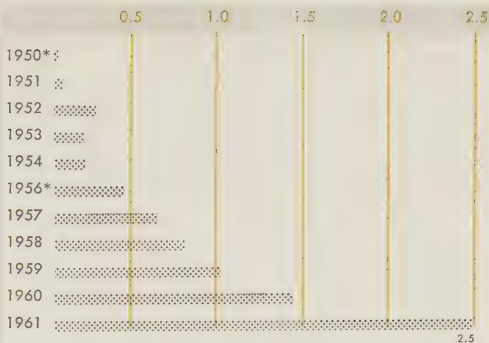


*NOTE: 1950: 9 MONTHS, 1956: 15 MONTHS.

MILLIONS OF DOLLARS

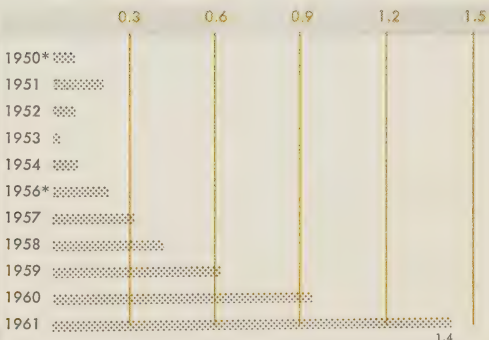
INTEREST AND INCOME TAX

(PAID TO RECEIVER GENERAL
OF CANADA)



MILLIONS OF DOLLARS

NET PROFIT



*NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS

THE PRESIDENT'S REPORT (CONTINUED)

INTERNATIONAL TELEX

The telex service continued to show substantial improvement in the number of calls being made, the increase approximating 40% although the average length of calls was reduced. Consequently, it has been necessary to make arrangements to provide for additional capacity which will be introduced when the new cable system becomes operational. New terminal equipment will be installed subsequently to cater for anticipated long term expansion.

LEASED CIRCUITS

Demand for private circuits continues to expand. An abnormal jump in revenue this year was due to new special services being rendered by the Corporation.

PROGRAMME TRANSMISSIONS

Comments on many international events taking place overseas and of importance to the people of Canada are made over our Trans-Atlantic cable system or other facilities, connected to the radio networks and simultaneously broadcast across the country.

Owing to the current limitations of capacity it has not always proved possible adequately to meet the requirements of both the broadcasting service and peak public telephone demand which frequently occur simultaneously, a condition which has affected the growth of both. This problem will shortly be overcome with the availability of increased capacity.

PICTURE TRANSMISSIONS

This service is only a spasmodic revenue producer dependent entirely on picture-worthy events taking place overseas or in Canada having an overseas interest. Revenue level was reasonably well maintained in the year under review.

GENERAL

The new 80 voice channel multipurpose cable between the United Kingdom and Canada is in the process of being laid and our terminal installations at Corner Brook, Nfld., and Grosses Roches, Que., will be ready in time to meet the completion of the lay. Although some delays have occurred in certain areas of the manufacturing programme, it is nevertheless expected that the System will be ready on the target date at the end of October.

(a joint project with the United Kingdom)

A 24 voice channel cable system between Canada, Greenland and Iceland with onward connections to the United Kingdom and Europe being provided primarily to meet the telecommunications requirements of civil aviation is in the process of construction and will be completed in the fall of 1962.

(a joint project with the Great Northern Telegraph Company of Denmark)

The Commonwealth Pacific Cable System between Vancouver and Wellington, N.Z. and Sydney, Australia via Hawaii and Fiji is proceeding according to plans. Orders have been placed for the cable and repeaters and approximately fifty percent of the materials required in the manufacture of the cable, viz: copper, aluminum, cotton tape, polythene, etc., will be supplied from Canadian sources. This important link in the Commonwealth System is scheduled for completion early in 1964.

(a joint project with the United Kingdom, Australia and New Zealand).

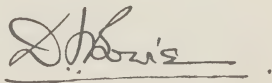
Arrangements have been made to acquire for Canadian purposes an appropriate number of circuits in a telephone cable system connecting Bermuda and the United States which is scheduled to be completed around the end of 1961. The acquisition of these facilities will provide service with Bermuda of the same quality as is now available across the Atlantic Ocean.

STAFF

The Agreement with our technical and operating employees expired on September 30th, 1960, and a new agreement was written covering the period ending September 30th, 1961. The Agreement with our clerical staff expired on March 31st, 1961, and a new one was written covering the period ending March 31st, 1962.

ACKNOWLEDGMENT

It is once again a pleasure to record a wholehearted expression of appreciation to all our officers and staff for their co-operation and loyal efforts during the year under review.

A handwritten signature in dark ink, appearing to read "J. H. Lewis", is written over a horizontal line.

President.

CANADIAN OVERSEAS TELEPHONE

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with comparative figures for 1960)

ASSETS

	1961	1960
Cash - - - - -	\$ 3,621,979	\$ 1,593,979
Treasury Bills of Canada - - - - -	—	3,984,875
Accounts Receivable - - - - -	2,178,876	867,181
Prepaid Expenses — Inventories of operating supplies, stationery, etc., at cost - - - - -	122,038	118,511
Cash and Investments (market value, \$899,990) held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra) - - - - -	867,517	779,811
Capital Assets, at cost:		
Land, with improvements - - - - -	\$ 1,096,311	1,031,211
Buildings - - - - -	3,963,024	3,989,711
Trans-Atlantic telephone cable systems (including cable systems under construction, \$9,379,752) - - - - -	25,150,952	15,116,511
Transmitters, receivers and other technical equipment - - - - -	5,971,496	5,856,411
Office furniture and equipment, etc. - - - - -	218,195	205,911
	<u>36,399,978</u>	<u>26,199,911</u>
Less: Accumulated provisions for depreciation - - - - -	<u>3,990,738</u>	<u>2,952,411</u>
	<u>32,409,240</u>	<u>23,247,411</u>
	<u>39,199,650</u>	<u>30,591,811</u>

NOTE: As at March 31, 1961, the estimated cost of completing approved capital projects amounted to approximately \$40,600,000, of which \$11,800,000 relates to the year ending March 31, 1962.

Certified: D. F. BOWIE,
President and General Manager.

Approved: G. E. MARTIN,
Director.

GILLIS PURCELL,
Director.

UNICATION CORPORATION

UNICATION CORPORATION ACT)

ARCH 31, 1961

(31, 1960)

LIABILITIES

	1961	1960
Accounts Payable - - - - -	\$ 1,594,899	\$ 3,808,187
Provision for Income Tax - - - - -	691,534	621,668
Cumulative Reduction in Income Tax, deferred to future years -	406,649	203,505
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company - -	867,517	779,821
	<u>3,560,599</u>	<u>5,413,181</u>
Capital:		
Advances from the Government of Canada under Section 14 of the Act - - - - -	\$31,686,192	22,589,544
Surplus:		
Balance as at April 1, 1960 -	\$ 2,589,108	
Add: Net profit for the year ended March 31, 1961 per Statement of Income and Expense - - - - -	<u>1,363,751</u>	
	<u>3,952,859</u>	2,589,108
	<u>35,639,051</u>	
	<u>39,199,650</u>	<u>30,591,833</u>

The above Balance Sheet and the related Statement of Income and Expense have been examined and reported upon under date of June 22, 1961 to the Minister of Transport, as required by section 87 of the Financial Administration Act.

A. M. HENDERSON,
Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1961

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED MARCH 31, 1960)

	1961	1960
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$ 7,273,647	\$ 5,777,93
Expense —		
Operating salaries and wages - - - -	\$ 1,628,808	1,573,51
Administrative salaries - - - -	380,803	352,66
Employees' welfare benefits - - - -	153,268	156,58
Rental of circuits, etc. - - - -	948,914	863,60
Operation and maintenance of Head Office building - - - -	254,664	241,76
Maintenance and repairs — plant and equipment	285,505	165,10
Interest (after capitalizing \$646,713) - - -	516,641	372,49
Provisions for depreciation - - - -	1,055,661	628,01
Other operating and administrative expenses -	311,009	295,49
	<u>5,535,273</u>	<u>4,649,22</u>
Deduct: Estimated amount recoverable from Commonwealth Network — excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - -	<u>957,790</u>	<u>757,34</u>
	<u>4,577,483</u>	<u>3,891,88</u>
Profit before Provision for Income Tax - - - -	2,696,164	1,886,04
Deduct: Provision for Income Tax - - - -	<u>1,332,413</u>	<u>938,40</u>
Net Profit for Year - - - -	<u><u>1,363,751</u></u>	<u><u>947,63</u></u>

Note: Included in the above expenses for 1961, are: remuneration of executive officers \$78,973; directors' fees, \$1,300; and legal expenses, \$2,156.

AUDITOR'S REPORT

THE HONOURABLE LEON BALZER,
MINISTER OF TRANSPORT,
OTTAWA.

Ottawa, June 22, 1961

r,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the year ended March 31, 1961. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- a) proper books of account have been kept by the Corporation;
- b) the financial statements of the Corporation
 - i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General of Canada.

OFFICERS

F. A. SMITH
Deputy Chief Engineering

K. L. SPARK
Technical Superintendent

E. J. RYALL
Assistant Traffic Manager (Tariffs)

T. E. LADEROUTE
Special Studies

J. E. WINCHCOMBE
Manager of Personnel

C. A. O'BRIEN
Manager, Public Relations

L. A. HARROLD
Property Manager

H. L. BISAILLON
Assistant Traffic Manager (Traffic)

R. R. Y. HILL
Superintendent of Operations

A. W. QUIRK
Purchasing Agent

RANCH OFFICES

C. H. RYDE,	<i>Manager, St. John's, Nfld.</i>
W. D. FOWLIE,	<i>Manager, Halifax, N.S.</i>
J. B. HICKS,	<i>Manager, Toronto, Ont.</i>
C. H. R. BIRD,	<i>Station Manager, Yamachiche, Que.</i>
E. A. MCWILLIAM,	<i>Station Manager, Drummondville, Que.</i>
J. W. PERRY,	<i>Manager, Vancouver, B.C.</i>
G. M. ATKINS,	<i>Manager, Ladner, B.C.</i>
G. H. CUNNINGTON,	<i>Manager, Winnipeg, Man.</i>

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12th Annual Report

FOR THE YEAR ENDED MARCH 31, 1962

CANADIAN TELEPHONE AND TELEGRAPH COMPANY
CANADIAN TELECOMMUNICATION CORPORATION

241 CC
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"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

BOARD OF DIRECTORS

Chairman D. F. BOWIE

Town of Mount Royal, Que.

N. E. HARDY

Toronto, Ont.

G. E. MARTIN

Halifax, N.S.

P. PELLETIER

Montreal, Que.

G. P. PURCELL

Toronto, Ont.

MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
R. G. GRIFFITH, P. Eng.	<i>Vice-President and Chief Engineer</i>
G. M. WATERHOUSE, C.A.	<i>Comptroller</i>
J. R. LAMB	<i>Traffic Manager</i>
C. S. GREGORY	<i>Secretary</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 21st, 1962

TO THE HONOURABLE,
THE MINISTER OF TRANSPORT,
OTTAWA, CANADA.

Sir,

The Twelfth Annual Report, covering the fiscal year ended March 31st, 1962, is hereby submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The main items for the period under review, as well as those for the previous year appear in the following summary.

											Year ended March 31	
											1962	1961
Income	-	-	-	-	-	-	-	-	-	-	\$9,484,410	\$7,273,642
Interest on Government Advances	-	-	-	-	-	-	-	-	-	-	1,516,046	1,163,351
Income Tax	-	-	-	-	-	-	-	-	-	-	1,658,311	1,332,413
Net Profit for Year	-	-	-	-	-	-	-	-	-	-	1,665,379	1,363,751

Financial Statements for the twelve months ended March 31st, 1962, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

REVENUE

Overall revenue increased by 30% compared with the previous year. The following schedule illustrates the percentage of increase realized by the various services provided by the Corporation:

Telegraph	-	-	-	-	-	-	-	-	4%
Telephone	-	-	-	-	-	-	-	-	6%
International Telex	-	-	-	-	-	-	-	-	16%
Leased Circuits	-	-	-	-	-	-	-	-	90%
Programme Transmissions	-	-	-	-	-	-	-	-	4%
Picture Transmissions	-	-	-	-	-	-	-	-	12%

EXPENSE

Although most items under this heading increased to some extent, those for depreciation and interest charges on new cables and equipment, repairs to submarine cables, and rental of additional landlines constituted the major part of the increase of 32.5% over the previous year.

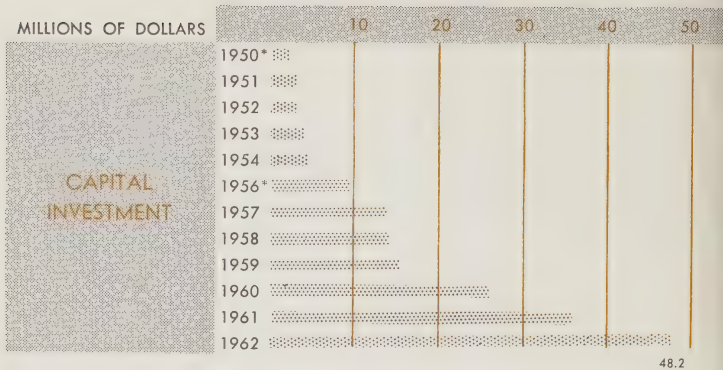
GENERAL

The new multi-channel, multi-purpose cable between Canada and Britain (CANTAT) was officially opened by Her Majesty The Queen in a conversation with the The Right Honourable John G. Diefenbaker, P.C., Q.C., M.P., Prime Minister of Canada, on December 19th, 1961, and was immediately thereafter turned over to public service, a number of circuits being terminated in Britain and others in certain European centres.

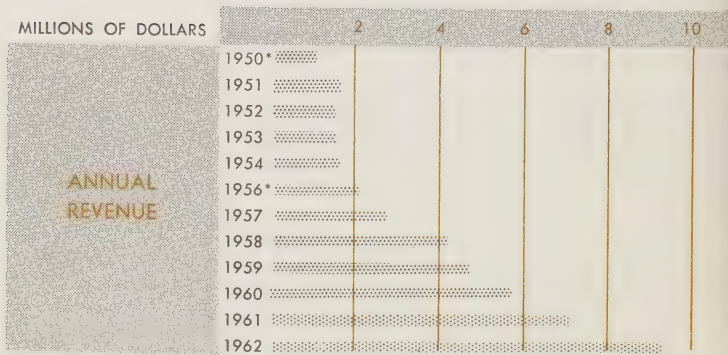
Aside from providing the much needed increase in capacity to Britain, direct circuits for telephone, telegraph and telex purposes were set up with Norway - Denmark - Sweden - Netherlands - France - Germany - Switzerland and Italy and for telex service with Belgium. Prior to this, switching or retransmissions in London had been necessary in most cases. These direct operations have greatly speeded up communications between Canada and those countries and are proving of considerable benefit to the users at both ends.

Recognizing the Corporation's financial capability, the Directors authorized a 25% reduction in telephone rates between Canada and Britain which came into effect on November 1st, 1961, timed to coincide with the target date for the new cable. The rate to Eire was similarly reduced on January 1st, 1962. It was considered that, with the increased capacity available in the new cable, we could accommodate the additional traffic which it was contemplated would be engendered by lower charges. Although, owing to the delayed opening of the cable, we had only three months of operating under these new conditions prior to the end of the fiscal year, it is clear that these actions on the part of the Corporation have appealed to the public and it is a pleasure to report that additional business has more than compensated for the reduction in rates and that Trans-Atlantic telephone revenue finished ahead of last year. The question of reductions to other countries is still in the discussion stage.

The CANTAT cable, initially equipped to produce 60 voice circuits, is already completely occupied in meeting general Canadian requirements, in providing leases to an important number of heavy users and leases to some American communications companies. This has forced the provision of additional equipment to raise the capacity up to the maximum of 80 circuits very much sooner than had been planned, and installation will be completed during the late summer. It is already clear, however, that we must consider at an early date further expansion of voice facilities across the North Atlantic.



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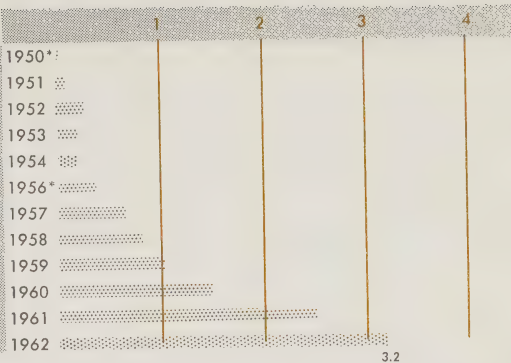


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*NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS.

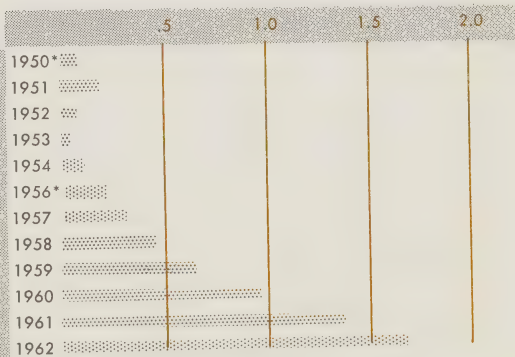
MILLIONS OF DOLLARS

INTEREST CHARGES & INCOME TAX



MILLIONS OF DOLLARS

NET PROFIT



*NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS.

THE PRESIDENT'S REPORT (CONTINUED)

Direct telephone, telegraph and telex services were inaugurated between Canada and Argentina by radio on November 29th, 1961, thus eliminating switching or retransmission at intermediate points.

As forecast in last year's report, the Corporation acquired the right of use of an appropriate number of circuits in a telephone cable system between Bermuda and U.S.A. and extended to Canada. These came into service on January 8th, 1962, and we are now able to provide reliable and rapid service between Canada and Bermuda.

With the introduction of the CANTAT cable system and the opening of the new system to Bermuda, the operation of two of the old single channel telegraph cables between Halifax, St. John's, Nfld. and Britain and between Halifax and Bermuda has been discontinued. The St. John's Station has been closed down and Halifax remains on a standby basis for the time being. The maintenance and operation of the old type single channel telegraph cables had become uneconomical and their continuance no longer practical.

The Commonwealth Pacific Cable System between Vancouver and Auckland, N.Z. and Sydney, Australia, via Hawaii and Fiji is proceeding according to plans. The first section between Auckland and Sydney will be completed early this summer and its official opening is scheduled for July 9th. The target date for the completion and opening of the remainder of the System to Vancouver is mid-December 1963 and it is confidently expected that this date will be met.

(a joint project with Britain, Australia and New Zealand)

The construction and installation of a 24 voice channel cable system between Canada — Greenland and Iceland with onward connections to the United Kingdom and Europe — which is being provided primarily to meet the telecommunications needs of civil aviation — is proceeding on schedule and will be opened in the fall of this year.

(a joint project with the Great Northern Telegraph Company of Denmark)

At a conference held in Kuala Lumpur, Malaya, during July 1961, a recommendation was made to the Governments concerned to extend the Commonwealth Pacific Telephone Cable System from Australia to New Guinea, North Borneo, Singapore, Malaya and Hong Kong. All the Governments have now approved the project and it is scheduled for completion in 1966.

(a joint project of Britain, Canada, Australia, New Zealand, Singapore and Malaya)

The Corporation is also participating in research into the possibilities of the establishment of a world-wide system of communication by means of Satellites.

SERVICES

TELEGRAPH

The steady increase in telegraph revenue in the face of heavy competition is very satisfactory. The introduction of direct working to a number of countries, as mentioned in the General section of this report, undoubtedly greatly influenced the result.

TELEPHONE

All services in operation in earlier years — Trans-Atlantic, Trans-Pacific, Newfoundland and West Indies — continued the upward trend and showed satisfactory increases and new connections with Bermuda and Argentina are developing as expected.

TRANS-ATLANTIC

Demand continued to rise and during the first nine months of the year substantial delays were common. However, with the opening of the new cable between Canada and Britain, considerable additional capacity became available to us which relieved the position.

TRANS-PACIFIC

The rising demand for service from Canada with Australia, New Zealand and Japan continued during the past year and in addition the through system between Britain and New Zealand and Australia was put to much greater use than heretofore — an additional circuit between Montreal and Vancouver being provided for this purpose.

NEWFOUNDLAND

In order to permit proper handling of the strong growth in traffic which continued without let-up during the year, additions to the existing network were clearly indicated and steps are being taken to provide accordingly.

WEST INDIES

The upward trend in use of telephone services also continued in this relation.

ST. PIERRE AND MIQUELON

Traffic revenue in this relation remained stable as compared with the previous year.

INTERNATIONAL TELEX

Revenue from this service showed a further important increase and additional circuits were used to help speed up service. New terminal equipment has been ordered with the view to the introduction of semi-automatic working as soon as possible.

LEASED CIRCUITS

A very substantial increase in demand for facilities arose as a result of the completion of the new cable system and produced a large increase in revenue.

PROGRAMME TRANSMISSIONS

The use of facilities for this purpose brought a small increase and it is expected that with increased Trans-Atlantic capacity available, we shall be in a position to meet all demands.

PICTURE TRANSMISSIONS

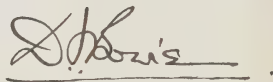
These produced a 12% increase but the service still remains a spasmodic revenue producer and demand only arises on the occasion of special events with an overseas interest.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1961 and a new agreement was written covering the period ending September 30th, 1962. The agreement with our clerical staff expired on March 31st, 1962 and a new one written covering the period ending March 31st, 1965.

ACKNOWLEDGMENT

During the past year, we completed some of the major items of the Corporation's development plans — the achievement of which called for considerable extra effort on the part of all our employees. It is a great pleasure to record a wholehearted expression of appreciation and thanks to all our officers and staff for their excellent co-operation and loyal efforts during the year.

A handwritten signature in dark ink, appearing to read "J. H. Lewis", is written over a horizontal line.

President.



*...“I now declare open this telephone cable
linking Britain and Canada. I feel sure that it
will help to strengthen the ties between the
peoples of the Commonwealth. May it be used at
all times to promote peace, happiness and prosperity.”*

(Her Majesty Queen Elizabeth in conversation with Prime Minister Diefenbaker opening the new trans-Atlantic telecommunications cable, December 19, 1961.)



CANADIAN OVERSEAS TEL

(ESTABLISHED BY THE CANADIAN

BALANCE SHEET

(with comparative

ASSETS

	1962	1961
Cash - - - - -	\$ 783,911	\$ 3,621,979
Treasury Bills of Canada - - - - -	2,382,888	—
Accounts Receivable - - - - -	1,015,216	2,036,315
Estimated Amount Recoverable from Commonwealth Network	358,311	142,561
Prepaid Expenses — Inventories of operating supplies, stationery, etc., at cost - - - - -	164,069	122,038
Cash and Investments (market value \$1,016,969) held in trust in connection with provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (contra) - - - - -	937,493	867,517
Capital Assets, at cost:		
Land, with improvements - - - - -	\$ 1,121,033	1,096,311
Buildings - - - - -	3,963,476	3,963,024
Telephone cable systems (including cable systems under construction, \$5,649,308) - - - - -	36,980,420	25,150,952
Transmitters, receivers and other technical equipment - - - - -	5,955,314	5,971,496
Office furniture and equipment, etc. - - - - -	224,664	218,195
	48,244,907	36,399,978
Less: Accumulated depreciation - - - - -	5,631,241	3,990,738
	<u>42,613,666</u>	<u>32,409,240</u>
	<u>48,255,554</u>	<u>39,199,650</u>

NOTE: As at March 31, 1962, the estimated cost of completing approved capital projects amounted to approximately \$30,000,000, of which \$18,600,000 relates to the year ending March 31, 1963.

Certified: D. F. BOWIE,
President and General Manager.

Approved: P. PELLETIER,
Director.

GILLIS PURCELL,
Director.

NICATION CORPORATION

(NICATION CORPORATION ACT)

MARCH 31, 1962

(March 31, 1961)

LIABILITIES

	1962	1961
Accounts Payable - - - - -	\$ 2,281,843	\$ 1,594,899
Income Tax Payable - - - - -	691,593	691,534
Accumulated Tax Reduction Applicable to Future Years - -	808,235	406,649
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company - -	937,493	867,517
	<u>4,719,164</u>	<u>3,560,599</u>

Capital:

Advances from the Government of Canada under section 14 of the Act - - - - -	\$37,918,152	31,686,192
--	--------------	------------

Surplus:

Balance as at April 1, 1961 - -	\$3,952,859	
Add: Net profit for the year ended March 31, 1962, per Statement of Income and Expense - - - - -	<u>1,665,379</u>	
Balance as at March 31, 1962 -	<u>5,618,238</u>	3,952,859
	<u>43,536,390</u>	
	<u>48,255,554</u>	<u>39,199,650</u>

The above Balance Sheet and the related Statement of Income and Expense have been examined and reported upon under date of June 21, 1962 to the Minister of Transport, required by section 87 of the Financial Administration Act.

A. M. HENDERSON,

Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1962

(WITH COMPARATIVE FIGURES FOR THE YEAR ENDED MARCH 31, 1961)

Income —	1962	1961
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$ 9,484,410	\$ 7,273,647
Expense —		
Operating salaries and wages - - - - -	\$ 1,764,790	1,628,808
Administrative salaries - - - - -	398,595	380,803
Employees' welfare benefits - - - - -	141,068	153,268
Rental of circuits, etc. - - - - -	1,134,945	948,914
Operation and maintenance of Head Office building - - - - -	274,208	254,664
Maintenance and repairs — plant and equipment	514,613	285,505
Interest (after capitalizing \$595,137) - - -	920,909	516,641
Depreciation - - - - -	1,708,931	1,055,661
Other operating and administrative expenses -	372,956	311,009
	<u>7,231,015</u>	<u>5,535,273</u>
Deduct: Estimated amount recoverable from Commonwealth Network — excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - - -	1,164,109	957,790
	6,066,906	4,577,483
	<u>3,417,504</u>	<u>2,696,164</u>
Deduct: Cost of additional pension benefits in respect of past service for employees formerly participating in pension plans of predecessor companies - - - - -	93,814	—
Profit before Provision for Income Tax - - - - -	3,323,690	2,696,164
Deduct: Provision for Income Tax - - - - -	1,658,311	1,332,413
Net Profit for Year - - - - -	<u>1,665,379</u>	<u>1,363,751</u>

Notes:

- (1) Included in the above expenses for 1962, are: remuneration of executive officers, \$75,860; directors' fees, \$2,200; and legal expenses, \$525.
- (2) The Provision for Income Tax is calculated by using the depreciation provided in the accounts rather than using the capital cost allowances claimed for tax purposes. In consequence, the Provision for Income Tax exceeded the amount estimated payable for the year by \$401,585.

AUDITOR'S REPORT

THE HONOURABLE LEON BALCER,
MINISTER OF TRANSPORT,
OTTAWA.

Ottawa, June 21, 1962.

ir,

The accounts and financial statements of the Canadian Overseas Telecommunication Corporation have been examined for the year ended March 31, 1962. In compliance with the requirements of section 87 of the Financial Administration Act, I now report that, in my opinion:

- a) proper books of account have been kept by the Corporation;
- b) the financial statements of the Corporation
 - i) were prepared on a basis consistent with that of the preceeding year and are in agreement with the books of account,
 - ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General of Canada.

OFFICERS

F. A. SMITH
Deputy Chief Engineering

K. L. SPARK
Technical Superintendent

E. J. RYALL
Assistant Traffic Manager (Tariffs)

T. E. LADEROUTE
Special Studies

J. E. WINCHCOMBE
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Property Manager

H. L. BISAILLON
Assistant Traffic Manager (Traffic)

R. R. Y. HILL
Superintendent of Operations

A. W. QUIRK
Purchasing Agent

BRANCH OFFICES

Corner Brook, Nfld.

Halifax, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

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13th Annual Report

FOR THE YEAR ENDED MARCH 31, 1963

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

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"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
RADIO-TELEGRAMS • LEADED CIRCUITS



BOARD OF DIRECTORS

Chairman D. F. BOWIE

Town of Mount Royal, Que.

N. E. HARDY

Toronto, Ont.

G. E. MARTIN

Halifax, N.S.

P. PELLETIER

Montreal, Que.

G. P. PURCELL

Toronto, Ont.

ANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
R. G. GRIFFITH, P. Eng.	<i>Vice-President and Chief Engineer</i>
G. M. WATERHOUSE, C.A.	<i>Assistant General Manager, Finance</i>
C. S. GREGORY	<i>Assistant General Manager and Secretary</i>
J. R. LAMB	<i>Assistant General Manager, Traffic and Operations</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 25, 1963

HONOURABLE GEORGE McILRAITH,
MINISTER OF TRANSPORT,
OTTAWA, CANADA.

Sir,

The Thirteenth Annual Report, covering the fiscal year ended March 31st, 1963, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

								Year ended March 31		Percentage increase over 1962
								1963	1962	
Income	-	-	-	-	-	-	-	\$12,320,698	\$9,484,410	30%
Depreciation	-	-	-	-	-	-	-	2,376,349	1,708,931	39%
Interest on Government Advances	-	-	-	-	-	-	-	1,971,300	1,516,046	30%
Income Tax	-	-	-	-	-	-	-	1,970,669	1,658,311	19%
Net Profit for Year	-	-	-	-	-	-	-	2,007,563	1,665,379	21%

Financial Statements for the twelve months ended March 31st, 1963, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the percentage of increases in revenue realized by the various services provided by the Corporation:

Telegraph	-	-	-	-	-	-	10%
Telephone	-	-	-	-	-	-	17%
International Telex	-	-	-	-	-	-	20%
Leased Circuits	-	-	-	-	-	-	52%

GENERAL

This report covers the first full year of operation of the multi-channel multi-purpose cable between Canada and Britain (CANTAT) which was opened for service on December 19th, 1961 and also the first full year during which the reduced telephone rates between Canada and Britain and Eire were in force. It is a pleasure to record that these two factors combined to produce

results which have more than justified the decisions taken to provide the new facilities and at the same time to make rates more attractive to the user.

In last year's report, comment was made to the effect that the initial 60 circuits in the new cable were then fully occupied and that additional equipment would be provided to increase the capacity to 80 circuits. This was done and the additional circuits are now profitably in use.

It was also indicated in that report that the position even then called for early consideration of expansion of North Atlantic capacity. The matter is currently under discussion with officials of your Department and is being looked at in the light of the anticipated development of world telecommunications by means of Satellite Systems as well as by cable.

Towards the end of the fiscal year the Corporation acquired the right of use of an appropriate number of circuits in a cable between Jamaica and U.S.A. and extended to Montreal. These came into service on February 19th, 1963, and we are now able to provide rapid and high quality service between Canada and Jamaica.

Direct telegraph and telex service was established with Peru by radio from Montreal, thus eliminating intermediate retransmissions and greatly speeding up service.

The cable system between Canada, Greenland and Iceland (ICECAN) with extensions to Britain and Europe was brought into service on January 1st, 1963, but has unfortunately suffered several mishaps owing to unusually heavy iceberg movements near the shores of Greenland. Steps are being taken to improve the protection of the cable from the action of icebergs and to reduce interruptions to a minimum.

The construction and installation of the Commonwealth Pacific Cable System (COMPAC) between Vancouver and Auckland, New Zealand and Sydney, Australia via Hawaii and Fiji is on schedule and it is expected that the whole System will be brought into service at the beginning of December next. The TASMAN Section between Auckland and Sydney was opened for service on July 9th, 1962 and the Fiji - Auckland Section on December 3rd, 1962.

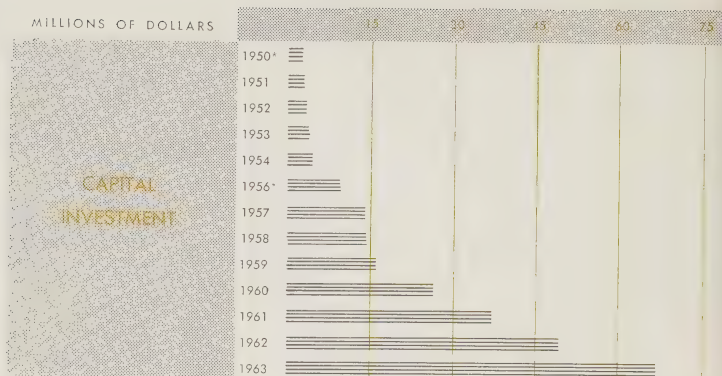
(A joint project with Britain, Australia and New Zealand)

The extension of the COMPAC System into South East Asia points at New Guinea, Borneo, Singapore, Malaya and Hong Kong (SEACOM) is being planned and should be ready for service by 1966. As in the case of COMPAC, a large part of Canada's investment in this part of the Commonwealth System will be used for the purchase in Canada of polythene, aluminum, copper and cotton tapes required for the construction of the cables.

(A joint project with Britain, Australia, New Zealand, the Federation of Malaya and Singapore)

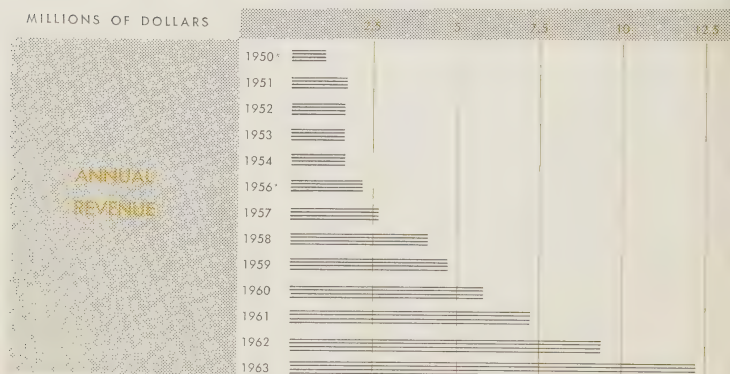
An important step was taken during the year under review when, culminating lengthy negotiations, it was finally possible for agreement to be reached between the Corporation and Canadian Pacific Telegraphs and Canadian National Telegraphs whereby there would be an exchange of public message traffic between the Corporation and Canadian National Telegraphs. Previously

MILLIONS OF DOLLARS



65.9

MILLIONS OF DOLLARS

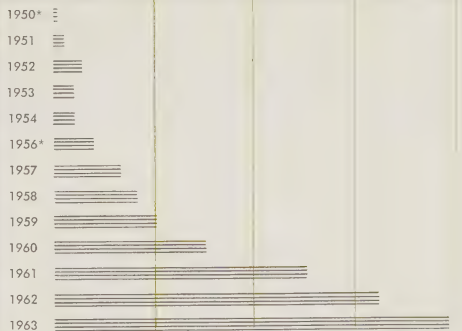


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* NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS.

MILLIONS OF DOLLARS

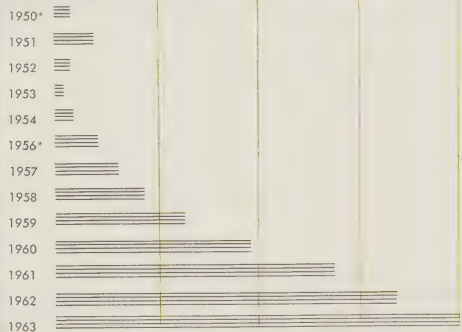
INTEREST
CHARGES
& INCOME
TAX



3.9

MILLIONS OF DOLLARS

NET PROFIT



2.0

*NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS.

THE PRESIDENT'S REPORT (CONTINUED)

the Corporation connected exclusively with Canadian Pacific but we now have traffic agreements with both companies and our service is available to and from all places in Canada.

On July 1st, 1962, our leased circuit rates between Canada and Britain were reduced between 15% and 36% according to the type of operation being performed by the lessee.

SERVICES

TELEGRAPH

The total number of telegraph messages handled increased by 8% which, in a large measure, was due to the new traffic exchange agreement with Canadian National Telegraphs. Our competitors in the telegraph field are very active and competition is heavy. Leased circuits and telex service which we ourselves provide also draw heavily on this traffic from the larger organization and a continuing increase in message traffic is therefore considered satisfactory.

TELEPHONE

All services showed important increases and it is of particular interest to note the following

TRANS-ATLANTIC

Calls increased by 40%. Revenue increased by 13%.

Increases in the number of calls for the three previous years amounted to 18%, 12% and 20% and the above-mentioned figures therefore clearly indicate the effect of the 25% reduction in the rates between Canada and Britain and Eire and the availability of extra channels.

Current capacity allows for rapid service but it is evident that, with a continuation of the growth trend, we shall be facing a shortage of circuits which will be accentuated when the Pacific and South East Asia Systems are brought into service. We shall then be required to provide transatlantic functions in Canada for services between Britain and Europe and Australia, New Zealand and South East Asia.

TRANS-PACIFIC

Existing shortage of circuits will be eliminated with the inauguration of the new cable system next December.

NEWFOUNDLAND

The anticipated requirement for more capacity noted in last year's report has been met but we are still not running ahead of demand. The situation is under constant review and appropriate steps are being taken.

BERMUDA

There are definite indications that it is necessary for us to acquire the right of use of further circuits in the Bermuda/U.S.A. cable to meet Canadian and Commonwealth requirements for service with Bermuda and arrangements to that end are being made.

ST. PIERRE AND MIQUELON

Although the very small volume of calls with the Islands remains stable, there is evidence that improvement in availability of service will result in increased business. The situation is currently under consideration with the Administration of the Islands.

INTERNATIONAL TELEX

Growth continues to be steady as this service is extended to more and more countries. We now serve 75 countries.

LEASED CIRCUITS

Once again there was a large increase in demand for facilities as a number of circuits were leased to American communication carriers to assist them to meet their requirements between U.S.A. - Britain and Europe. A number of these leases will cease when a planned system direct from U.S.A. to Britain and Europe is completed during the course of this year but at that time we shall need all the restored capacity to provide for Canadian and Commonwealth needs. Important leases have been provided, amongst others, for Air Traffic Control, certain airline companies and a news agency.

PROGRAMME TRANSMISSIONS

Although more time was sold, this service showed a decrease in revenue this year which is accounted for by larger dollar outpayments overseas.

PICTURE TRANSMISSIONS

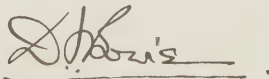
A decrease in revenue occurred but this is regularly only a spasmodic producer depending almost entirely on the occurrence of special events either in Canada or Overseas and no significance is attached to the decline in revenue and we are able to meet all demands at present.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1962, and a new agreement was written covering the period ending September 30th, 1963. The agreement with our clerical staff expires on March 31st, 1965.

ACKNOWLEDGMENT

It is a pleasure to record a wholehearted expression of appreciation to all our officers and staff for their loyal co-operation during the year, which once again, as in past years, called for special effort on the part of everyone.



President.

CANADIAN OVERSEAS TELEVISION

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with comparative figures for 1961)

ASSETS

	1963	1962
Cash - - - - -	\$ 957,073	\$ 783,911
Treasury Bills of Canada - - - - -	—	2,382,888
Accounts Receivable - - - - -	2,241,349	1,015,216
Estimated Amount Recoverable from Commonwealth Network - -	519,034	358,311
Prepaid Expenses—Inventories of operating supplies, stationery, etc. at cost - - - - -	157,849	164,069
Cash and Investments held in trust for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (Note 1) - - - - -	—	937,492
Capital Assets, at cost: (Note 2)		
Land, with improvements - - - - -	\$ 1,122,144	1,121,032
Buildings - - - - -	3,974,464	3,963,470
Telephone cable systems (including cable systems under construction \$18,893,968) - - -	54,207,018	36,980,420
Transmitters, receivers and other technical equipment - - - - -	6,405,001	5,955,314
Office furniture and equipment, etc. - - -	240,583	224,666
	<u>65,949,210</u>	<u>48,244,902</u>
Less: Accumulated depreciation - - -	<u>7,956,787</u>	<u>5,631,244</u>
	<u>57,992,423</u>	<u>42,613,660</u>
	<u>61,867,728</u>	<u>48,255,556</u>

The accompanying notes

Certified: D. F. BOWIE,
President and General Manager.

Approved: G. E. MARTIN,
Director.

PAUL PELLETIER,
Director.

NICATION CORPORATION

ICATION CORPORATION ACT)

RCH 31, 1963

31, 1962)

LIABILITIES

	1963	1962
Accounts Payable - - - - -	\$ 2,769,982	\$ 2,281,843
Income Tax Payable - - - - -	1,177,347	691,593
Accumulated Tax Reduction Applicable to Future Years (Note 3) -	973,851	808,235
Provision for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company (Note 1) -	—	937,493
	<u>4,921,180</u>	<u>4,719,164</u>

Capital :

Advances from the Government of Canada under section 14 of the Act - - - - -	\$49,320,747	37,918,152
--	--------------	------------

Surplus :

Balance as at April 1, 1962 - -	\$ 5,618,238	
Add : Net Profit for the year ended March 31, 1963, per Statement of Income and Expense - - -	<u>2,007,563</u>	
Balance as at March 31, 1963 - - - -	<u>7,625,801</u>	5,618,238
	56,946,548	
	<u>61,867,728</u>	<u>48,255,554</u>

f the financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 12, 1963 to the Minister of Transport.

A. M. HENDERSON,
Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1963

(with comparative figures for the year ended March 31, 1962)

	1963	1962
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$12,320,698	\$ 9,484,410
Expense —		
Operating salaries and wages - - - -	\$ 1,948,131	1,764,790
Administrative salaries - - - -	483,396	398,595
Employees' welfare benefits - - - -	159,685	141,068
Rental of circuits, etc. - - - -	1,376,876	1,134,945
Operation and maintenance of Head Office building - - - -	274,049	274,208
Maintenance and repairs—plant and equipment	776,903	514,613
Interest (after capitalizing \$632,155) - -	1,339,145	920,909
Depreciation - - - -	2,376,349	1,708,931
Other operating and administrative expenses -	516,301	372,956
	<u>9,250,835</u>	<u>7,231,015</u>
Deduct: Estimated amount recoverable from Commonwealth Network—excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - -	<u>1,024,626</u>	<u>1,164,109</u>
	8,226,209	6,066,906
	<u>4,094,489</u>	<u>3,417,504</u>
Deduct: Cost of additional pension benefits in respect of past service for employees formerly participating in pension plans of predecessor companies - - - -	<u>116,257</u>	<u>93,814</u>
Profit before Income Tax - - - -	3,978,232	3,323,690
Deduct: Income Tax (Note 3) - - - -	<u>1,970,669</u>	<u>1,658,311</u>
Net Profit for Year - - - -	<u>2,007,563</u>	<u>1,665,379</u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. The cash and investments formerly held in trust for actuarial deficiencies in pension funds for employees participating in pension plans of predecessor company were liquidated during the year. Following payment into the pension funds of the predecessor company in respect of former employees who are in receipt of pensions and those employees who elected to continue under the predecessor company pension plans, the balance was transferred to the Public Service Superannuation Account of the Government of Canada, in accordance with the Regulations respecting the Transfer of the Pensions of Employees of the Canadian Overseas Telecommunication Corporation, effective November 1, 1961, as set forth in Order in Council P.C. 1961-1556 dated October 26, 1961.
2. As at March 31, 1963, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1963-803 dated May 27, 1963, amounted to approximately \$23,400,000, of which \$14,400,000 relates to the year ending March 31, 1964.
3. Income tax was calculated on the basis of the depreciation provided in the accounts rather than using the capital cost allowances claimed for tax purposes. In consequence, income tax otherwise payable for the year was reduced by \$165,616. The accumulated amount by which income tax otherwise payable has been reduced in this manner is \$973,851.
4. Included in the expenses for 1963 are : remuneration of executive officers, \$84,382; directors' fees, \$2,055; legal expenses, \$1,428.

AUDITOR'S REPORT

Ottawa, June 12, 1963.

THE HONOURABLE G. J. McILRAITH,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1963. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion :

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General of Canada.



OFFICERS

H. L. BISAILLON
Traffic Manager

L. A. HARROLD
Property Manager

T. E. LADEROUTE
Special Studies

R. R. Y. HILL
Superintendent of Operations

C. A. O'BRIEN
Manager, Public Relations

J. E. WINCHCOMBE
Manager of Personnel

A. W. QUIRK
Purchasing Agent

A. M. WOLFE
Manager, Traffic Production

BRANCH OFFICES

Corner Brook, Nfld.

Halifax, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

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14th Annual Report

FOR THE YEAR ENDED MARCH 31, 1964

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS



BOARD OF DIRECTORS

<i>Chairman</i> D. F. BOWIE	Town of Mount Royal, Que.
R. M. BROPHY <i>(Appointed December 27, 1963)</i>	Toronto, Ont.
N. E. HARDY	Toronto, Ont.
H. HUSBAND <i>(Appointed March 15, 1964)</i>	Vancouver, B.C.
R. LEFRANCOIS <i>(Appointed December 27, 1963)</i>	Montreal, Que.
P. PELLETIER	Montreal, Que.
G. P. PURCELL	Toronto, Ont.
G. E. MARTIN <i>(Term Expired March 14, 1964)</i>	Halifax, N.S.

MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
R. G. GRIFFITH, P. Eng.	<i>Vice-President and Chief Engineer (retired November 29, 1963)</i>
G. M. WATERHOUSE, C.A.	<i>Assistant General Manager, Finance</i>
C. S. GREGORY	<i>Assistant General Manager and Secretary</i>
J. R. LAMB	<i>Assistant General Manager, Traffic and Operations</i>
E. ELIASSEN	<i>Assistant General Manager, Engineering</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 25, 1964.

HONOURABLE J.W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA, CANADA.

Sir,

The Fourteenth Annual Report, covering the fiscal year ended March 31st, 1964, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended 1964	March 31 1963	Increase over 1963
Income - - - - -	\$14,277,714	\$12,320,698	16%
Depreciation - - - - -	2,855,082	2,376,349	20%
Interest on Government Advances - - - - -	2,586,288	1,971,300	31%
Income Tax - - - - -	2,365,071	1,970,669	20%
Net Profit for Year - - - - -	2,385,455	2,007,563	19%

Financial Statements for the twelve months ended March 31st, 1964, submitted herewith have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the percentage of increases in revenue realized by the major services provided by the Corporation:

Telegraph - - - - -	6%
Telephone - - - - -	17%
International Telex - - - - -	13%
Leased Circuits - - - - -	20%

GENERAL

An event of historical significance in the field of telecommunications took place during the year under review when our joint Pacific project with Britain, Australia and New Zealand was completed. The Commonwealth Pacific Cable System (COMPAC), a multi-channel, multi-purpose cable between Canada and New Zealand and Australia via Hawaii and Fiji — a distance of over 8,000 miles — was placed in service on December 2nd, 1963. Simultaneous ceremonies marking the occasion took place in London, Wellington, Sydney and Ottawa during which Her Majesty The Queen, speaking from London, formally opened the Cable. Following Her Majesty

address, the Prime Ministers of the four participating countries shared the first conversations by means of a four-way Conference call.

A large portion of Canada's investment in this project was paid to Canadian industry for the production of cotton tapes and a share of the copper, polythene and aluminum required in the manufacture of the cable.

Inter-connection between the Atlantic and Pacific cable systems is provided by means of micro-wave facilities leased from the Bell Telephone Company of Canada/Québec Téléphone between Grosses Roches and Montreal and from the Canadian National/Canadian Pacific Railway Companies between Montreal and Vancouver.

The extension of the COMPAC System into South East Asia, mentioned in last year's Report, is proceeding according to schedule and this next link in the Commonwealth round-the-world cable system is expected to be in service in 1966.

Direct telephone, telex and telegraph services were established by radio in August 1963, between Montreal and Rio de Janeiro.

A Commonwealth Financial Review Conference was held in New Delhi during January and February 1964, at which senior officers of the Corporation participated. The Conference recommended that the present financial arrangements be retained, with certain minor modifications, for a further period of two years, until March 31st, 1966, during which time Commonwealth governments, individually and in association with the Commonwealth Telecommunications Board, should urgently study the question of future financial arrangements, bearing in mind the rapid developments imminent in international telecommunications, and by that time be prepared to consider adjustments to existing arrangements to accommodate such developments.

In last year's Report, it was indicated that the North Atlantic telephone cable systems were being used to capacity and that consideration was being given to expansion by means of Satellite systems as well as by cable. During the year under review, there have been a number of international meetings on the subject of communications by Satellites which officers of the Corporation have attended as members of Canadian Delegations. It is expected that the Corporation will share in the cost of the Space segment of such a system and will construct a suitable Ground station in Eastern Canada.

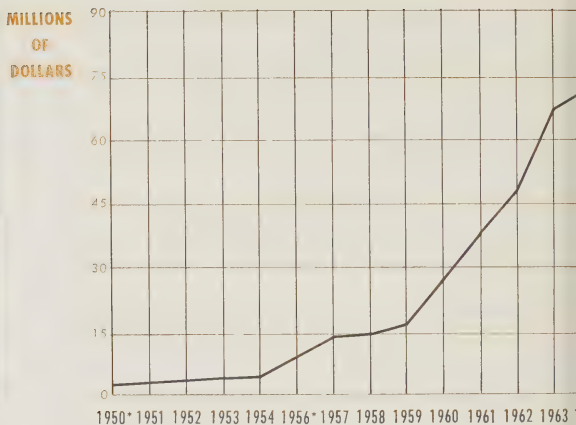
Considerable attention has been directed towards resolution of the problem of cable interruptions in the North Atlantic. Strongly reinforced cable has been introduced in the Greenland area where there is the ever present danger of grounding icebergs and holes have also been bored in certain areas and the cable passed through these holes into deeper and, it is believed, safer waters. In the Newfoundland area experiments are being undertaken with the view to burying the cables in areas where there are known to be concentrations of fishing. At present it is not possible to forecast the results but we are hopeful that a satisfactory solution will be found.

The Department of Transport's new Icebreaker/Cable Repair Ship, now approaching completion and expected to be ready for service in the Spring of 1965, will then be available to the Corporation for cable repair work in the North Atlantic, at present being carried out under charter arrangements.

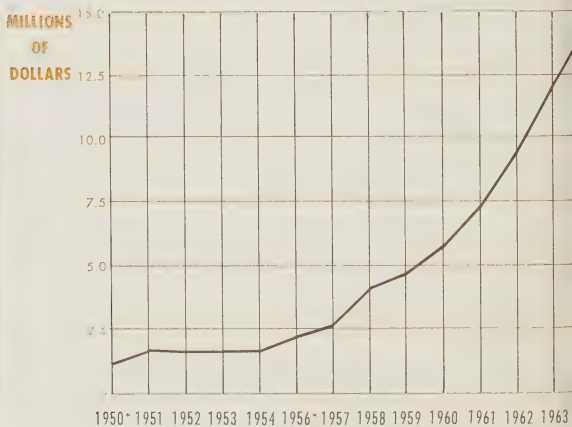
The Corporation has been accepted as a private operating agency of the International Telegraph and Telephone Consultative Committee and the International Radio Consultative Committee of the International Telecommunications Union and is now actively participating in the work of these Committees.

Resulting from certain changes to the C.O.T.C. Act, which were approved by the Governor in Council in December 1963, the Board of Directors of the Corporation has been increased from five to seven members.

CAPITAL INVESTMENT

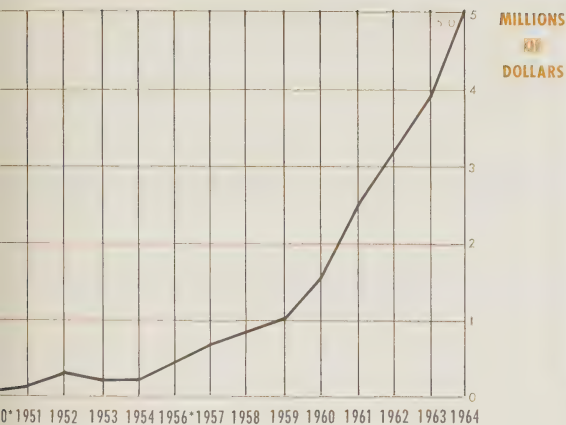


ANNUAL REVENUE

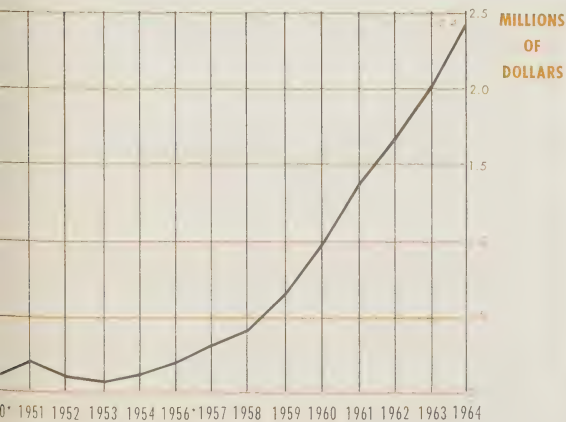


*NOTE: 1950: 9 MONTHS.

1956: 15 MONTHS.



**INTEREST
CHARGES
& INCOME
TAX**



**NET
PROFIT**

*NOTE: 1950: 9 MONTHS. 1956: 15 MONTHS.

THE PRESIDENT'S REPORT (CONTINUED)

SERVICES

TELEGRAPH

The increase of 6% in telegraph revenue is considered satisfactory. This service, as has been mentioned in other years, has heavy competition both from other carriers operating in Canada and from our own telephone and telex services.

TELEPHONE

For the second successive year, this service has produced a revenue increase of 17%.

TRANS-ATLANTIC

Demand for service continues to increase and the need for additional capacity is becoming acute, particularly so since the opening of the COMPAC Cable which requires a number of trans-Atlantic cable circuits to be available for direct connections between Britain and Australia and New Zealand.

TRANS-PACIFIC

The introduction of high quality cable circuits between Australia and New Zealand and Canada has provided the public with service comparable to that across the Atlantic and, as expected, revenue from this source has increased sharply. For the first full three months of COMPAC operation, our telephone traffic revenue increased 222% compared with the same period last year.

NEWFOUNDLAND

Additional circuits were provided for this service during the year. The steady rise in the use of this service has resulted in an important revenue increase.

BERMUDA

In order to satisfy a heavy demand, the Corporation acquired the right of use of further circuits in the Bermuda/U.S.A. Cable and these circuits are being used profitably for both Canadian and other Commonwealth traffic.

JAMAICA

The right of use of circuits in the Jamaica/U.S.A. Cable, which was acquired toward the end of the previous fiscal year, has produced substantial revenue for the Corporation.

ST. PIERRE AND MIQUELON

The improvement in service between Canada and the Islands, referred to in last year's Report is still under consideration with the Administration of the Islands. A first step in this improvement

ment has been taken by the Administration and present indications are that they will be in a position to place new equipment in service towards the end of this year.

INTERNATIONAL TELEX

Canadian telex subscribers are now able to reach 83 countries via the Corporation's facilities, 8 having been added during the period under review. The growth of this service continues a steady upward trend.

LEASED CIRCUITS

Although this service continues to produce a major portion of the Corporation's revenue, the increase of 20% was not as substantial as in recent years. The leases of certain facilities on the CANTAT Cable to American communication carriers were terminated during the year, and these circuits are now being used for Commonwealth traffic between Britain and Australia and New Zealand.

PROGRAMME TRANSMISSION

Greater use of this service was made during the year, resulting in an increase in revenue of 11% as compared with the previous period. It should be noted however that this service is not a significant revenue producer.

PICTURE TRANSMISSIONS

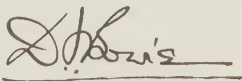
There was a very small revenue decrease compared with the previous year.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1963, and a new agreement was written covering the period ending September 30th, 1964. The agreement with our clerical staff expires on March 31st, 1965.

ACKNOWLEDGMENT

It is a great pleasure to record a wholehearted expression of appreciation to all our officers and staff at all locations, including Hawaii, for their co-operation during the past year, which saw the completion of yet another major project with the extension of the Commonwealth Telephone Cable System to New Zealand and Australia.



President.

CANADIAN OVERSEAS TELEVISION

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with comparative figures for 1963)

ASSETS

	1964	1963
Cash - - - - -	\$ 2,440,799	\$ 957,073
Accounts Receivable - - - - -	4,736,614	2,241,349
Estimated Amount Recoverable from Commonwealth Network - -	1,471,838	519,034
Prepaid Expenses - - - - -	63,352	157,849
Capital Assets, at cost: (Note 1)		
Land, with improvements - - - - -	\$ 1,132,337	1,122,144
Buildings - - - - -	4,163,481	3,974,464
Telephone cable systems - - - - -	57,948,826	54,207,018
Transmitters, receivers and other technical equipment - - - - -	8,681,597	6,405,001
Office furniture and equipment, etc. - - -	274,692	240,583
	<u>72,200,933</u>	<u>65,949,210</u>
Less: Accumulated depreciation - - -	10,909,690	7,956,787
	<u>61,291,243</u>	<u>57,992,423</u>
	<u>70,003,846</u>	<u>61,867,728</u>

The accompanying notes are an integral part of these financial statements.

Certified: D. F. BOWIE,
President and General Manager

Approved: GILLIS PURCELL
Director.

N. E. HARDY,
Director.

NICATION CORPORATION

UNICATION CORPORATION ACT)

MARCH 31, 1964

(March 31, 1963)

LIABILITIES

	1964	1963
Accounts Payable - - - - -	\$ 1,509,343	\$ 2,769,982
Income Tax Payable - - - - -	1,317,294	1,177,347
Accumulated Tax Reduction Applicable to Future Years (Note 2) -	1,397,961	973,851
	<u>4,224,598</u>	<u>4,921,180</u>

Capital:

Advances from the Government of Canada under section 14 of the Act - - - - -	55,461,660	49,320,747
--	------------	------------

Surplus:

Balance as at April 1, 1963 - - - - \$ 7,625,801

Add: Prior years' adjustments (Note 3) - - 306,332

Net profit for the year ended March 31,
1964, per Statement of Income and
Expense - - - - - 2,385,455

Balance as at March 31, 1964 - - - - - 10,317,588 7,625,801

65,779,248

70,003,846

61,867,728

of the financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 18, 1964 to the Minister of Transport.

A. M. HENDERSON,

Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1964

(with comparative figures for the year ended March 31, 1963)

	1964	1963
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$14,277,714	\$12,320,69
Expense —		
Operating salaries and wages - - - -	\$ 2,362,781	1,948,13
Administrative salaries - - - -	563,754	483,39
Employees' welfare benefits - - - -	178,530	159,68
Rental of circuits, etc. - - - -	1,996,056	1,376,87
Operation and maintenance of Head Office building - - - -	282,211	274,04
Maintenance and repairs — plant and equipment	843,757	776,90
Interest (after capitalizing \$899,384) - -	1,686,904	1,339,14
Depreciation - - - -	2,855,082	2,376,34
Other operating and administrative expenses -	574,886	516,30
	<u>11,343,961</u>	<u>9,250,83</u>
Deduct: Estimated amount recoverable from Commonwealth Network—excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - - -	1,816,773	1,024,62
	<u>9,527,188</u>	<u>8,226,20</u>
	<u>4,750,526</u>	<u>4,094,48</u>
Deduct: Cost of additional pension benefits in respect of past service for employees formerly participating in pension plans of predecessor companies - - - -	—	116,25
Profit before Income Tax - - - -	4,750,526	3,978,23
Deduct: Income tax (Note 2) - - - -	2,365,071	1,970,66
Net Profit for Year - - - -	<u>2,385,455</u>	<u>2,007,56</u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. As at March 31, 1964, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1964-860 dated June 11, 1964, amounted to approximately \$28,600,000, of which \$10,400,000 relates to the year ending March 31, 1965.
 2. Income tax was calculated on the basis of the depreciation provided in the accounts rather than using the capital cost allowances claimed for tax purposes. In consequence, the payment of income tax amounting to \$424,110 was deferred to future years.
 3. The addition to surplus of \$306,332 represents a net adjustment of the amount recoverable from the Commonwealth Network for the years ended March 31, 1957 to 1963, inclusive.
 4. Included in the expenses for 1964 are: remuneration of executive officers, \$99,783; directors' fees, \$1,200; and legal expenses, \$2,199.
-

AUDITOR'S REPORT

Ottawa, June 18, 1964

THE HONOURABLE J.W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1964. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A.M. HENDERSON,
Auditor General of Canada.

OFFICERS

R. E. CLOUTIER, B. COM., C.A.
Comptroller

C. A. O'BRIEN
Manager, Public Relations

J. E. WINCHCOMBE
Manager of Personnel

A. M. WOLFE
Manager, Traffic Production

H. L. BISAILLON
Traffic Manager

L. A. HARROLD
Property Manager

A. W. QUIRK
Purchasing Agent

R. R. Y. HILL
Superintendent of Operations

T. E. LADEROUTE
Special Studies

BRANCH OFFICES

Corner Brook, Nfld.

Halifax, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

Keawaula, Hawaii



Direct Services of

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

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15th Annual Report

FOR THE YEAR ENDED MARCH 31, 1965

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

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"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS



BOARD OF DIRECTORS

<i>Chairman</i>	D. F. BOWIE	Town of Mount Royal, Que.
	R. M. BROPHY	Toronto, Ont.
	G. S. COWAN (Appointed March 16, 1965)	Halifax, N.S.
	H. HUSBAND	Vancouver, B.C.
	R. LEFRANÇOIS	Montreal, Que.
	G. P. PURCELL	Toronto, Ont.
	R. THERRIEN (Appointed March 16, 1965)	Quebec, Que.
	N. E. HARDY (Term expired March 14, 1965)	Toronto, Ont.
	P. PELLETIER (Term expired March 14, 1965)	Montreal, Que.

MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
G. M. WATERHOUSE, C.A.	<i>Vice-President, Finance</i>
C. S. GREGORY	<i>Vice-President and Secretary</i>
J. R. LAMB	<i>Assistant General Manager, Traffic and Operations</i>
E. ELIASSEN, M.Sc., P. ENG.	<i>Assistant General Manager, Engineering</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 25, 1965.

HONOURABLE J. W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA, CANADA.

Sir,

The Fifteenth Annual Report, covering the fiscal year ended March 31st, 1965, is herewith submitted on behalf of the Board of Directors, in accordance with the requirements of the Financial Administration Act.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended March 31							Percentage increase, decrease over 1964	
	1965							1964	
Income	-	-	-	-	-	-	\$15,354,717	\$14,277,714	8%
Depreciation	-	-	-	-	-	-	4,016,168	2,855,082	41%
Interest on Government Advances	-	-	-	-	-	-	2,706,069	2,586,288	5%
Income Tax	-	-	-	-	-	-	2,201,057	2,365,071	(1%)
Net Profit for Year	-	-	-	-	-	-	2,221,358	2,385,455	(1%)

Financial Statements for the twelve months ended March 31st, 1965, submitted herewith have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the percentage of increases/decreases in revenue realized by the major services provided by the Corporation:

Telegraph	-	-	-	-	-	-	33%
Telephone	-	-	-	-	-	-	31%
International Telex	-	-	-	-	-	-	45%
Leased Circuits	-	-	-	-	-	-	(10%)

GENERAL

The year under review was one of steady growth although, at the same time, there was a comparative lull in the introduction of new facilities. Considerable planning with respect to provision for future needs was, nevertheless, in progress.

The Commonwealth Pacific Cable System (COMPAC) between Canada and New Zealand and Australia via Hawaii and Fiji was in operation for its first full fiscal year and the cost of carrying our share in this system has been reflected in increased expenses. This was expected but it is satisfactory to note that it has not resulted in a large reduction in the net position. The introduction of substantial new facilities carries with it an added burden of expense but, with a con-

meeting increased demand for overseas services, the Corporation looks ahead with confidence in its ability to carry out, on a sound economic basis, its planned expansion programme designed to provide high quality service between Canada and an ever-increasing number of other nations of the world.

With the exception of the completion and the opening of two segments of the South East Asia Cable System (SEACOM) between Jesselton and Singapore and between Jesselton and Hong Kong, no additional cable capacity has been introduced during the past year. The system is now scheduled for completion in early 1967 by the laying of cables between Cairns, Australia — Madang, New Guinea — Guam and Hong Kong. Canada will then be linked directly by high grade cable circuits to the important centres in that whole area.

The attention of Management during the past year has largely been directed to Canadian participation in the global communications satellite system. On August 20th, 1964, in Washington, D.C., Canada, along with the representatives of the Governments and of the operating entities of 17 other countries which were prepared to share in the production and operation of such a system, signed the Interim and Special Agreements, which had been negotiated between governments over many months. This Corporation was designated by the Government of Canada as the operating entity for Canada.

In its initial stages the system, which contemplates one geo-stationary satellite placed at an altitude of 22,300 miles above the earth, (Early Bird), will only be operated across the North Atlantic. Experience gained from this operation will permit determination of the type of system which will be practical for a complete global system to which the signatories to the Agreements are committed.

Pending the construction of a more sophisticated type of antenna, expected to be completed in 1966, the Corporation will make use of the earth station now being built for the Department of Transport at Mill Village, N.S., which is expected to become operational in the late Fall of this year. The Corporation's antenna will be constructed in the same area.

It is still premature to forecast the full impact of the utilization of the satellite system as some unknown factors still remain — principal among which is the length of life of a satellite in orbit. If, as is hoped and expected, a reasonable life does materialize and satisfactory quality of voice transmission is achieved, there is no doubt that the advent of this type of telecommunication medium will have profound effects on the future of the Corporation's business — the ultimate being the prospect of immediate connections between all countries all over the world. Live international television broadcasts will also become available.

Other current planning includes the provision, in association with Cable and Wireless (West Indies) Limited, of high quality telephone service by means of cable and tropospheric scatter systems with Barbados, Antigua, St. Lucia, Trinidad, St. Kitts, Montserrat, Dominica, St. Vincent and Grenada. These new facilities are expected to be available in 1966.

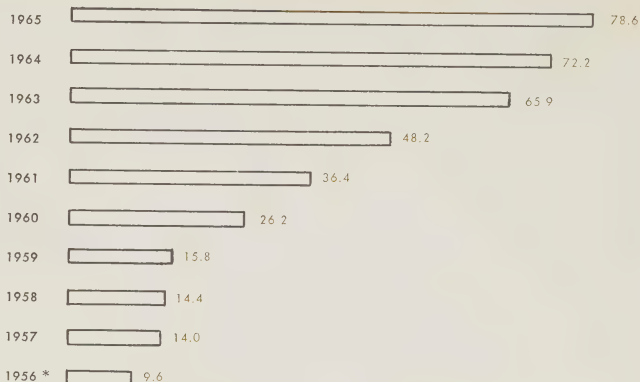
Telephone service with Japan by cable was introduced in December last, replacing the former high frequency radio facilities and providing much more reliable service. This was achieved by the inter-connection at the Corporation's station in Hawaii of the COMPAC Cable and the Trans Pacific Cable, the latter owned jointly by the American Telephone and Telegraph Company and the Kokusai Denshin Denwa Company of Tokyo.

In last year's report we made mention of experimentation in the area off the Newfoundland Coast with the view to determining the feasibility of burying our trans-Atlantic cables and thus protecting them against trawling. Unfortunately, soundings and other tests have shown that such a plan is not practical in that area and attention is now being directed towards other possibilities of providing protection.

The Icebreaker-Cable Ship, C.C.G.S. JOHN CABOT, built to the order of the Department of Transport for the Corporation's use, has been completed and will be commissioned in a few weeks. After a period of crew training, the ship will be brought into service in the western Atlantic in the Fall of this year.

Arrangements were concluded with the Trans-Canada Telephone System to integrate their domestic TWX System with our international telex network and operations commenced in February of this year. This will provide more diversity for the user in Canada.

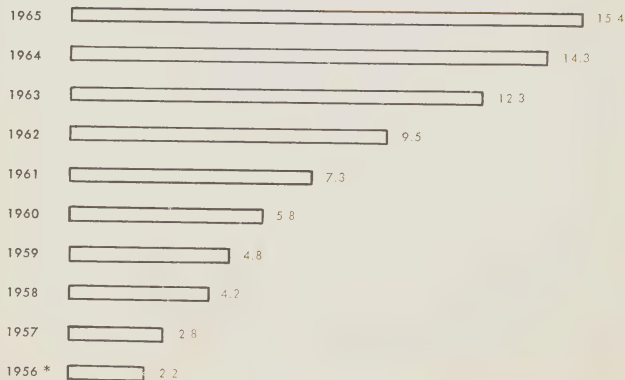
CAPITAL INVESTMENT



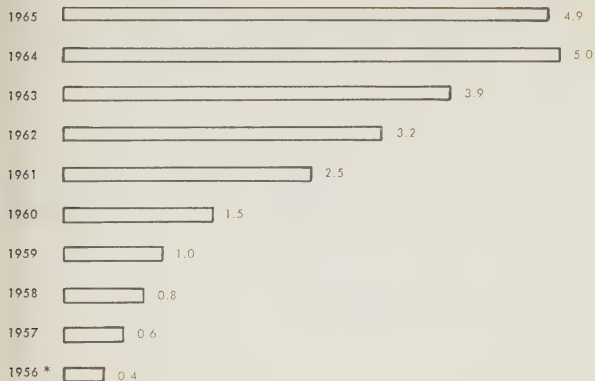
FIGURES IN MILLIONS OF DOLLARS

* 1956 = 15 MONTHS.

ANNUAL REVENUE



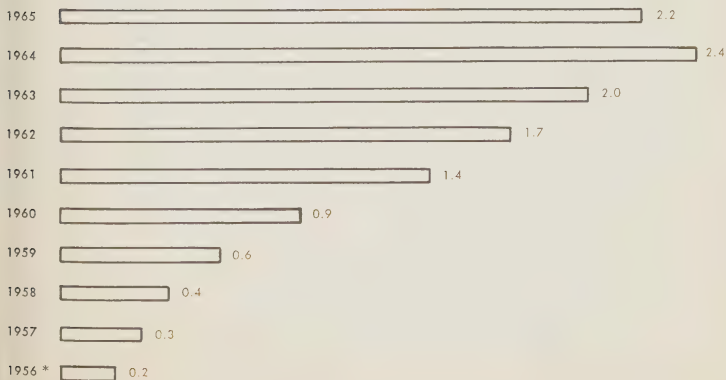
INTEREST CHARGES & INCOME TAX



FIGURES IN MILLIONS OF DOLLARS

* 1956 = 15 MONTHS.

NET PROFIT



THE PRESIDENT'S REPORT

(CONTINUED)

SERVICES

TELEGRAPH

The large increase in revenue from our telegraph operations was due to our handling substantial additional Canadian traffic and also to new settlement arrangements for certain streams of transit traffic.

TELEPHONE

A substantial increase from our overall telephone operations was obtained this year.

TRANS-ATLANTIC

With some minor exceptions all our trans-Atlantic direct operations showed important revenue increases with the result that the availability of circuits via the Early Bird Satellite at an early date is becoming increasingly important to relieve current pressure on capacity.

TRANS-PACIFIC

As a direct result of a full year's operation of the COMPAC cable, our revenues derived from service between Canada and Australia and New Zealand increased by almost 100%, and there was also a large increase from our operations with Japan.

NEWFOUNDLAND

The rate of growth in this connection slowed down as compared with past years but there was still an important revenue increase of 9%.

BERMUDA

Revenues from this source increased by 18%.

JAMAICA

Owing to expanded demand two additional circuits were brought into operation during the year and a 48% increase resulted.

Our direct operations with Argentina, Brazil, Barbados and St. Pierre and Miquelon all produced substantial increases.

INTERNATIONAL TELEX

This service is now available between Canada and 106 countries and, during the past year, revenues rose by 45%.

LEASED CIRCUITS

As mentioned in last year's report, certain facilities in our cables which had been leased by American carriers were no longer required by them and consequently there was a reduction of 10% in revenues from this source. The circuits thus released were, of course, put to use for our own purposes.

PROGRAMME TRANSMISSION

An increase in revenue of 7% resulted from the year's operation.

PICTURE TRANSMISSIONS

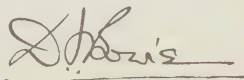
There is a very limited requirement for this service and although there was a 66% increase in revenue it is of minor significance.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1964, and a new agreement was written covering the period ending September 30th, 1965. The agreement with our clerical staff expired on March 31st, 1965 and a new one covering the period to March 31st, 1967, was written.

ACKNOWLEDGMENT

It is once again a great pleasure to include a special expression of appreciation to all our officers and staff for their excellent efforts and co-operation during the past year.

A handwritten signature in dark ink, appearing to read "J. H. Lewis", is written over a horizontal line.

President.

CANADIAN OVERSEAS TELEVISION

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with Statement of Financial Position)

ASSETS

	1965	1964
Cash - - - - -	\$ 1,779,100	\$ 2,440,799
Treasury Bills of Canada — at cost - - - - -	2,476,500	—
Accounts Receivable - - - - -	3,240,839	4,736,614
Estimated Amount Recoverable from Commonwealth Network - -	265,691	1,471,838
Prepaid Expenses - - - - -	288,916	63,352
Capital Assets, at cost: (Note 1)		
Land, with improvements - - - - -	\$ 1,136,278	1,132,337
Buildings - - - - -	4,536,858	4,163,481
Telephone cable systems - - - - -	63,288,085	57,948,826
Transmitters, receivers and other technical equipment - - - - -	9,214,563	8,681,597
Office furniture and equipment, etc. - - - - -	426,718	274,692
	<hr/>	<hr/>
	78,602,502	72,200,933
Less: Accumulated Depreciation - - - - -	14,890,312	10,909,690
	<hr/>	<hr/>
	63,712,190	61,291,243
	<hr/>	<hr/>
	71,763,236	70,003,846
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

Certified: D. F. BOWIE
President and General Manager

Approved: GILLIS PURCELL
Director.

ROLAND G. LEFRANÇOIS
Director.

UNICATION CORPORATION

UNICATION CORPORATION ACT)

ARCH 31, 1965

(March 31, 1964)

LIABILITIES

	1965	1964
Accounts Payable - - - - -	\$ 1,798,559	\$ 1,509,343
Income Tax and Sales Tax Payable - - - - -	776,405	1,317,294
Accumulated Tax Reduction Applicable to Future Years (Note 2) -	1,595,282	1,397,961
	<u>4,170,246</u>	<u>4,224,598</u>
Capital:		
Advances from the Government of Canada under section 14 of the Act (Note 3) - - - - -	55,054,044	55,461,660
Surplus:		
Balance as at April 1, 1964 - - - - -	\$10,317,588	
Add:		
Net profit for the year ended March 31, 1965, per Statement of Income and Expense - - - - -	<u>2,221,358</u>	
Balance as at March 31, 1965 - - - - -	<u>12,538,946</u>	<u>10,317,588</u>
	<u>67,592,990</u>	
	<u>71,763,236</u>	<u>70,003,846</u>

e financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 21, 1965 to the Minister of Transport.

GEORGE LONG

for

Auditor General of Canada

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1965

(with comparative figures for the year ended March 31, 1964)

	1965	1964
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$15,354,717	\$14,277,714
Expense —		
Operating salaries and wages - - - -	\$ 2,684,686	2,362,781
Administrative salaries - - - -	754,104	563,754
Employees' welfare benefits - - - -	174,226	178,530
Rental of circuits, etc. - - - -	1,893,551	1,996,056
Operation and maintenance of Head Office building - - - -	313,635	282,211
Maintenance and repairs — plant and equipment	1,518,263	843,757
Interest (after capitalizing \$101,580) - - -	2,604,489	1,686,904
Depreciation - - - -	4,016,168	2,855,082
Other operating and administrative expenses -	672,586	574,886
	<hr/> 14,631,708	<hr/> 11,343,961
Deduct: Estimated amount recoverable from Commonwealth Network—excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - - -	3,699,406	1,816,773
	<hr/> 10,932,302	<hr/> 9,527,188
Profit before Income Tax - - - -	4,422,415	4,750,526
Deduct: Income Tax (Note 2) - - - -	2,201,057	2,365,071
Net Profit for Year - - - -	<hr/> 2,221,358	<hr/> 2,385,455

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. As at March 31, 1965, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1965-957 dated May 25, 1965, amounted to approximately \$30,930,000 of which \$18,700,000 relates to the year ending March 31, 1966.
 2. Income tax charged against income was calculated on the basis of the depreciation provided in the accounts rather than using the capital cost allowances claimed for tax purposes. In consequence, the payment of income tax amounting to \$197,321 was deferred to future years.
 3. The advances from the Government of Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1965 totalled \$2,407,616 and instalments falling due for repayment during the year ending March 31, 1966 aggregate \$2,531,615.
 4. Included in the expenses for 1965 are: remuneration of executive officers, \$99,314; directors' fees, \$1,600; and legal expenses, \$630.
-

AUDITOR'S REPORT

Ottawa, June 21, 1965.

THE HONOURABLE J. W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1965. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

GEORGE LONG

for

Auditor General of Canada

OFFICERS

R. E. CLOUTIER, B. Com., C.A.
Comptroller

C. A. O'BRIEN
Manager, Public Relations

A. D. HAWKINS
Manager of Personnel

A. M. WOLFE
Manager, Commercial Division

R. MURRAY
Executive Assistant, International Relations

H. L. BISAILLON
Traffic Manager

L. A. HARROLD
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Special Studies

BRANCH OFFICES

Corner Brook, Nfld.

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Yamachiche, Que.

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Winnipeg, Man.

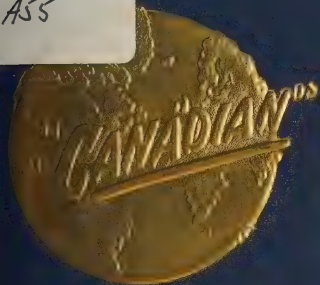
Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

Keawaula, Hawaii

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16th Annual Report

FOR THE YEAR ENDED MARCH 31, 1966

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

"THE WORLD AT YOUR CALL"

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CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

BOARD OF DIRECTORS



Chairman D. F. BOWIE

President and General Manager,
Canadian Overseas Telecommunication Corporation
Montreal, Que.

R. M. BROPHY

President,
Canadian Motorola Electronics Co. Ltd.,
Toronto, Ont.

G. S. COWAN, Q.C.

Partner,
Stewart, MacKeen & Covert,
Halifax, N.S.

H. HUSBAND

President,
Victoria Machinery Depot Company,
Victoria, B.C.

R. LEFRANÇOIS

President,
Nordair Limited,
Montreal, Que.

G. P. PURCELL

General Manager,
The Canadian Press,
Toronto, Ont.

R. THERRIEN

Consulting Engineer,
Réal Therrien & Associés,
Quebec, Que.

MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
G. M. WATERHOUSE, C.A.	<i>Vice-President, Finance</i>
C. S. GREGORY	<i>Vice-President and Secretary</i>
J. R. LAMB	<i>Assistant General Manager, Traffic and Operations</i>
E. ELIASSEN, M.Sc., P. ENG.	<i>Assistant General Manager, Engineering</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 27, 1966

HONOURABLE J. W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

This, our Sixteenth Annual Report, covering the fiscal year ended March 31st, 1966, is submitted on behalf of the Board of Directors.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended 1966	March 31 1965	increase/ decrease over 1965
Income - - - - -	17,967,279	15,354,717	17%
Depreciation - - - - -	4,828,252	4,016,168	20%
Interest on Government Advances -	2,686,495	2,706,069	(1%)
Income Tax - - - - -	2,540,259	2,201,057	15%
Net Profit for Year - - - - -	2,560,559	2,221,358	15%

Financial Statements for the twelve months ended March 31st, 1966, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases/decreases in revenue realized by the major services provided by the Corporation:

Telegraph - - - - -	(1%)
Telephone - - - - -	30%
International Telex - - - - -	47%
Leased Circuits - - - - -	8%

GENERAL

Growth during the past year closely followed the pattern which had developed over the previous decade and again underlined the fact that there is a continuing need for expansion and additional facilities to keep pace with the increasing demand for all types of overseas services.

For all practical purposes, our trans-Atlantic cable capacity was fully occupied but relief was obtained from the opening of the high altitude Satellite System (Early Bird) during the summer of 1965.

Pending the completion of the Department of Transport Ground Station at Mill Village, N.S. which had been expected towards the end of 1965 and which the Corporation will operate, it was necessary for us to make use of the American Ground Station at Andover, Maine, in order to reach the satellite and thereby obtain required circuits. These were established with Britain, France and Italy.

Whilst the quality of transmission via satellite at high altitude for television and record-type communications is satisfactory some slight reservation must be recorded in commenting on the quality of voice transmissions. Although, by comparison with high frequency radio circuits, those via the high altitude satellite show up well, the same is not absolutely true in the comparison of voice transmissions via high altitude satellite circuits with those via cable circuits. A medium altitude Satellite System would avoid the problems of voice transmissions which have been encountered so far and it is to be hoped that the decision yet to be reached with respect to the ultimate Global Satellite network will take this into account even though greater capital expenditures would be necessary to provide, place in orbit and maintain the larger number of satellites which would be needed. It is our opinion that future planning should envisage the provision of both cables and satellites with the view to their being complementary each to the other.

During this early stage in the employment of high altitude satellites for commercial telecommunications, when only a limited amount of the capacity has in fact been in use, our share of the total costs of maintaining and operating the space segment together with the rentals for rearward connections were, as had been expected, in excess of the revenue derived from our use of the System.

THE PRESIDENT'S REPORT (CONTINUED)

For some time, the question as to whether the provision of public telephone service between Newfoundland and the Mainland should remain in the hands of the Corporation has been under consideration. Prior to Newfoundland joining Canada as the tenth province, this operation had been classified as "overseas" and, when the Corporation took over the overseas functions of Canadian Marconi Company in 1950, the Newfoundland operation was included. Negotiations with Canadian National Telecommunications took place during the past year with the view to the latter taking over this operation as a domestic function and a mutually satisfactory agreement was reached, including appropriate annual compensation to the Corporation for the use of facilities in our cable between Grosses Roches, P.Q. and Corner Brook, Nfld. The change became effective on January 1st, 1966. Further reference to the Newfoundland service will, therefore, not appear in this and future Annual Reports.

The icebreaker cables, C.C.G.S. John Cabot, was duly commissioned and brought into service in August last and met every demand made of her under all conditions and in all locations. A mutually satisfactory agreement has been reached between the Department and the Corporation covering our use of the ship.

Our cable and repeater storage depot was completed at St. John's, Nfld. Eight cable tanks were constructed providing storage space for up to a total of 1600 miles of repair cable of the different types required for maintenance of the various cables in the North Atlantic area. Suitable arrangements have been made with other cable owners to allow for their use of both the depot and C.C.G.S. John Cabot as may be required.

The installation of the South East Asia Cable System (SEACOM) — a joint venture of Australia, Britain, New Zealand, Malaysia, Singapore and Canada — is proceeding on schedule and should be completed and ready for service early in 1967. At that time, high quality service, equal to that now available across the North Atlantic and the Pacific, will be offered between Canada and most southeast Asian countries.

New facilities which will provide similar greatly improved voice transmissions with Barbados, Antigua, Dominica, Montserrat, St. Kitts, St. Lucia, St. Thomas, St. Vincent, Grenada and Trinidad are rapidly approaching completion and will be in operation during the course of the coming summer.

Direct radiotelegraph operations were established with the U.S.S.R. with a resultant improvement in service as compared with previous indirect routing.

During the year modern cross-bar type Telex Exchanges were installed at Montreal and Vancouver enabling the Corporation to offer a much faster service to our Telex and TWX subscribers. Steps are being taken to establish subscriber-to-subscriber dialling on an intercontinental basis in the not too distant future.

With the view to further encouraging the use of telex, the Corporation by arrangement with Britain and West Germany introduced a one-minute minimum charge in place of the normal three-minute minimum. There was an immediate and substantial increase in the number of calls.

We have in the process of installation at Montreal a fully automatic Telegraph Message Switching Centre. Based on high speed computers, the equipment will eliminate manual re-handling at the overseas Terminal and will automatically route incoming traffic through the Canadian National/Canadian Pacific Systems to its destinations in Canada and outgoing traffic into the appropriate channel for overseas transmission, thus greatly increasing the speed and the quality of operation.

A Commonwealth Telecommunications Conference was held in London between April 26th and May 14th, 1965, resumed on March 1st and concluded on March 22nd, 1966, for the purpose of considering the future of the Commonwealth Telecommunications Board and to review the financial arrangements between the Partners. The recommendations of the Conference made to the Governments concerned were to the effect that Commonwealth collaboration in the field of telecommunications continued to be of great importance and should be maintained but that an organization somewhat more flexible than the Commonwealth Telecommunications Board should replace the latter. With developments and changes taking place so rapidly in the telecommunications field, it had become apparent that new machinery should be provided to allow for speedier consultation than was possible under the original arrangements. Some modifications to the financial arrangements were agreed upon but, insofar as Canada is concerned, the end result should not reflect any change of significance to our net figures. The proposed organizational and financial changes will not become effective until approved by the Governments participating in the Conference.

THE PRESIDENT'S REPORT (CONTINUED)

SERVICES

TELEGRAPH

There was an over-all increase in telegraph traffic originating in Canada amounting to approximately 9%. Total revenues derived from the telegraph operations, however, decreased slightly due to a substantial reduction in revenue from transit traffic handled by the Corporation but over which we have no control, which more than offset the gain from Canadian business.

TELEPHONE

Over-all telephone revenues increased by 30% indicating a continuing rising demand for service. There were important increases in all relations — Trans-Atlantic, Trans-Pacific, Bermuda, Jamaica and South America and this trend should be maintained.

INTERNATIONAL TELEX

Revenues from this source increased sharply by 47% and it is expected that this upward movement will continue. We now provide telex service to 118 countries.

LEASED CIRCUITS

Last year we had to report a decrease in revenues from this source but results this year show that we have practically retrieved the position of the year 1963/64.

PROGRAMME TRANSMISSIONS

Revenues were held at the same level as last year.

FACSIMILE

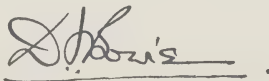
Although still remaining a minor source of revenue, there was a considerable increase during the year under review.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1965, and a new agreement was written covering the period ending September 30th, 1966. The agreement with our clerical staff expires on March 31st, 1967.

ACKNOWLEDGMENT

Our appreciation and thanks are due to all our employees for their co-operation and loyal efforts during the past year and it is once again a great pleasure to make this a matter of record.

A handwritten signature in dark ink, appearing to read "J. H. Lewis", is written over a horizontal line. The signature is fluid and cursive.

President.

CANADIAN OVERSEAS TELEGRAPHIC

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with profit and loss account)

ASSETS

	1966	1965
Cash - - - - -	\$ 225,822	\$ 1,779,100
Term Deposit Receipts — at cost - - - - -	3,400,000	—
Treasury Bills of Canada — at cost - - - - -	—	2,476,500
Accounts Receivable - - - - -	4,973,114	3,240,835
Prepaid Expenses - - - - -	299,689	288,916
Capital Assets, at cost: (Note 1)		
Land, with improvements - - - - -	\$ 1,175,757	1,138,278
Buildings - - - - -	7,394,670	7,108,202
Telephone cable systems - - - - -	54,476,529	52,367,842
Transmitters, receivers and other technical equipment - - - - -	19,857,851	17,516,278
Office furniture and equipment, etc. - - - - -	534,405	471,902
	<hr/> 83,439,212	<hr/> 78,602,502
Less: Accumulated Depreciation - - - - -	19,221,241	14,890,312
	<hr/>	<hr/>
	64,217,971	63,712,190
	<hr/>	<hr/>
	73,116,596	71,497,545
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

Certified: D. F. BOWIE
President and General Manager

Approved: RÉAL THERRIEN
Director

GORDON S. COWAN
Director

NICATION CORPORATION

ICATION CORPORATION ACT)

ARCH 31, 1966

March 31, 1965)

LIABILITIES

	1966	1965
Accounts Payable - - - - -	\$ 2,058,385	\$ 1,798,559
Income Tax and Sales Tax Payable - - - - -	1,076,967	776,405
Estimated Amount Due Commonwealth Network - - - - -	602,804	(265,691)
Accumulated Tax Reductions Applicable to Future Years (Note 2) -	1,756,506	1,595,282
	<u>5,494,662</u>	<u>3,904,555</u>

Capital:

Advances from the Government of Canada under section 14 of the Act (Note 3) - - - - -	52,522,429	55,054,044
---	------------	------------

Surplus:

Balance as at April 1, 1965 - - - - \$12,538,946

Add:

Net profit for the year ended March 31, 1966, per Statement of Income and Expense 2,560,559

Balance as at March 31, 1966 - - - - 15,099,505 12,538,946

67,621,934

73,116,596

71,497,545

Financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 20, 1966 to the Minister of Transport.

A. M. HENDERSON
Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1966

(with comparative figures for the year ended March 31, 1965)

	1966	1965
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - - -	\$17,967,279	\$15,354,71
Expense —		
Operating salaries and wages - - - - -	\$ 3,109,113	2,684,68
Administrative salaries - - - - -	924,308	754,10
Employees' welfare benefits - - - - -	224,430	174,22
Rental of circuits, etc. - - - - -	2,177,543	1,893,55
Maintenance and repairs — plant and equipment	981,053	1,518,26
Interest (after capitalizing \$162,535) - - -	2,523,960	2,604,48
Depreciation - - - - -	4,828,252	4,016,16
Other operating and administrative expenses -	931,385	986,22
	<hr/> 15,700,044	<hr/> 14,631,70
Deduct: Estimated amount recoverable from Commonwealth Network—excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - - -	<hr/> 2,833,583	<hr/> 3,699,40
	<hr/> 12,866,461	<hr/> 10,932,30
Profit before Income Tax - - - - -	5,100,818	4,422,41
Deduct: Income Tax (Note 2) - - - - -	2,540,259	2,201,05
Net Profit for Year - - - - -	<hr/> 2,560,559	<hr/> 2,221,35

The accompanying notes are an integral part of the financial statements.

ANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. As at March 31, 1966, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1966-979 dated May 26, 1966, amounted to approximately \$29,800,320 of which \$12,800,820 relates to the year ending March 31, 1967.
 2. The income taxes payable in respect of the year amount to \$2,379,035. The difference of \$161,224 between this and the taxes charged against income results from claiming for tax purposes an amount greater than the depreciation recorded in the accounts. This difference is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and is accordingly included in the balance sheet in the item "Accumulated Tax Reductions Applicable to Future Years".
 3. The advances from the Government of Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1966 totalled \$2,531,615 and instalments falling due for repayment during the year ending March 31, 1967 aggregate \$2,748,584.
 4. Included in the expenses for 1965-66 are: remuneration of executive officers, \$105,143; directors' fees, \$1,600; and legal expenses \$2,104.
-

AUDITOR'S REPORT

Ottawa, June 20, 1966.

THE HONOURABLE J. W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1966. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON
Auditor General of Canada.

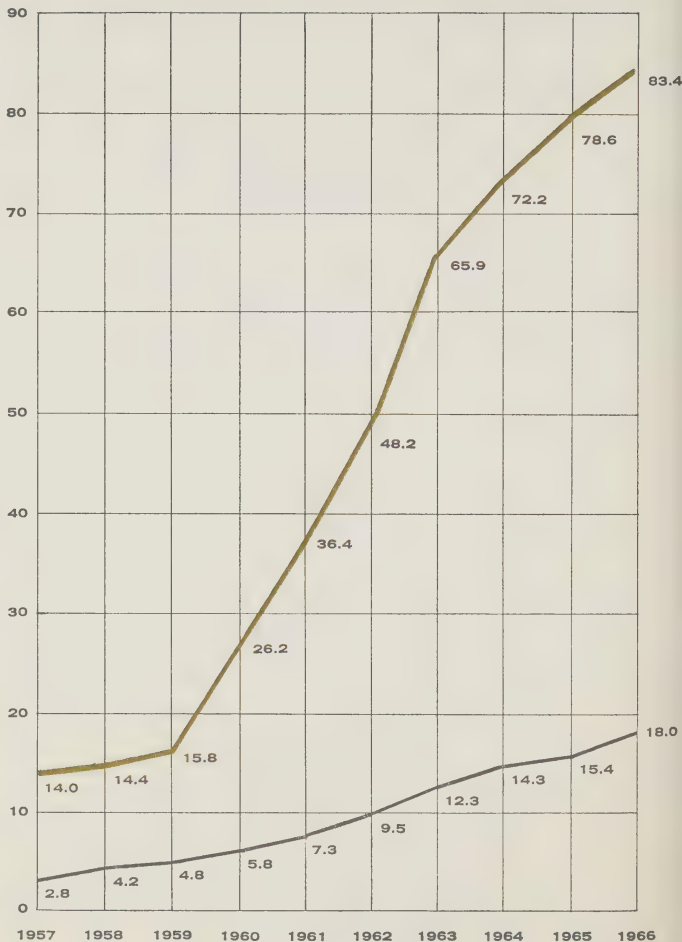
GROWTH IN FACILITIES SINCE THE CORPORATION ASSUMED, IN 1950,
THE RESPONSIBILITY FOR CANADA'S EXTERNAL TELECOMMUNICATIONS.

1950		TERMINAL CIRCUITS IN USE	1966	
TELEGRAPH	TELEPHONE		TELEGRAPH	TELEPHONE
6	2	TRANS-ATLANTIC Britain, France, Germany, Switzerland, Italy, Denmark, Norway, Sweden, Belgium, Netherlands.	105	67
3	—	TRANS-PACIFIC Australia, New Zealand	56	33
1	—	BERMUDA	2	6
2	1	WEST INDIES Barbados, Jamaica	3	9
—	—	SOUTH AMERICA Argentina, Brazil, Peru	7	2
—	—	JAPAN	4	4
—	—	ICELAND	2	3
1	—	ST. PIERRE & MIQUELON	1	1
			180	125
—	—	TRANSIT CIRCUITS IN USE providing interconnection between the regions mentioned above	84	32
<u>13</u>	<u>3</u>		<u>264</u>	<u>157</u>

In 1950 circuits were provided only for public telephone and telegraph message traffic. In 1966, in addition to this traffic, circuits are used for international telex and for private leases.

MILLIONS
OF
DOLLARS

CAPITAL INVESTMENT — ANNUAL REVENUE —

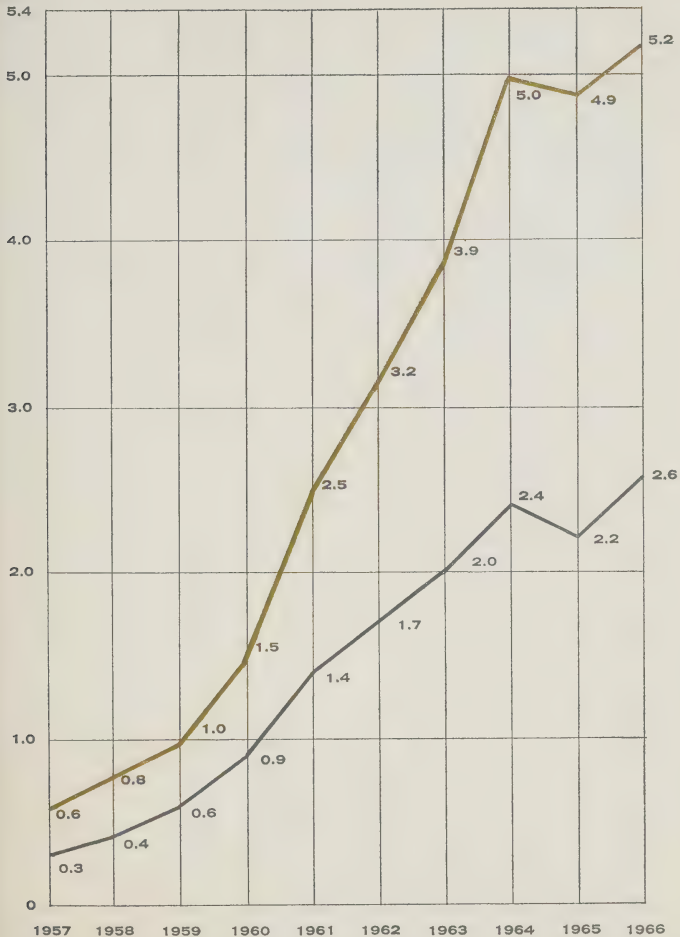


ILLIONS
OF
DOLLARS

INTEREST CHARGES & INCOME TAX NET PROFIT

—

—





OFFICERS

R. E. CLOUTIER, B. Com., C.A.
Comptroller

C. A. O'BRIEN
Manager, Public Relations

A. D. HAWKINS
Manager, Personnel

A. M. WOLFE
Manager, Commercial Division

H. L. BISAILLON
Traffic Manager

R. GREVILLE
Property Manager

A. W. QUIRK
Purchasing Agent

R. R. Y. HILL
Superintendent of Operations

T. E. LADEROUTE
Special Studies

BRANCH OFFICES

Corner Brook, Nfld.

St. John's, Nfld.

Halifax, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

Keawaula, Hawaii

C7
A65



17th Annual Report

FOR THE YEAR ENDED MARCH 31, 1967

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

7-155
"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

BOARD OF DIRECTORS



Chairman D. F. BOWIE

President and General Manager,
Canadian Overseas Telecommunication Corporation
Montreal, Que.

R. M. BROPHY

President,
Canadian Motorola Electronics Co. Ltd.,
Toronto, Ont.
(term expired December 26, 1966)

G. S. COWAN, Q.C.

Partner,
Stewart, MacKeen & Covert,
Halifax, N.S.
(resigned August 1, 1966)

H. HUSBAND

President,
Victoria Machinery Depot Company,
Victoria, B.C.
(term expired March 14, 1967)

R. G. LEFRANÇOIS

President,
Nordair Limited,
Montreal, Que.

R. R. LEVINE

Director,
Canadian Converters' Co. Ltd.
Montreal, Que.
(appointed November 8, 1966)

W. S. PIPES

Vancouver, B.C.
(appointed March 23, 1967)

G. P. PURCELL

General Manager,
The Canadian Press,
Toronto, Ont.

R. THERRIEN

Consulting Engineer,
Réal Therrien & Associés,
Quebec, Que.

MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
G. M. WATERHOUSE, C.A.	<i>Vice-President, Finance</i>
C. S. GREGORY	<i>Vice-President and Secretary</i>
J. R. LAMB	<i>Assistant General Manager, Traffic and Operations</i>
E. ELIASSEN, M.Sc., P. Eng.	<i>Assistant General Manager, Engineering</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 22, 1967

HONOURABLE J. W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

This, our Seventeenth Annual Report, covering the fiscal year ended March 31st, 1967, is submitted on behalf of the Board of Directors.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended March 31 1967	March 31 1966	increase/ decrease over 1966
Income - - - - -	\$21,212,533	\$17,967,279	18%
Depreciation - - - - -	5,282,439	4,828,252	9%
Interest on Government Advances -	2,554,838	2,686,495	(5%)
Income Tax - - - - -	3,529,413	2,540,259	39%
Net Profit for year - - - - -	3,549,713	2,560,559	39%

Financial Statements for the twelve months ended March 31st, 1967, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases/decreases in revenue realized by the major services provided by the Corporation:

Telegraph - - - - -	(5%)
Telephone - - - - -	14%
International Telex - - - - -	23%
Leased Circuits - - - - -	31%

GENERAL

The year under review produced a continuation of growth in overseas telecommunications and a corresponding rise in revenues. Earlier provision of facilities, however, enabled us to accommodate rising demands and quality of service was maintained at a high level even though the rate of growth during the year was rapid. Our planning for the future takes into account not only the experience gained during the past few years but also anticipated developments and growth factors in other countries and our expanding relations with them.

One step which has already been taken to cope with the accelerating growth in telephone service was the purchase of Time Assignment Speech Interpolation equipment which, by means of high speed switching at the two ends of the system, virtually doubles the usable capacity of circuits. It is expected that this equipment will be installed and ready for service in the fall in Montreal and London and Vancouver and Sydney, Australia, for trans-Atlantic and trans-Pacific operations respectively.

In the trans-Atlantic area, we made substantial use of the Satellite System as all cable capacity became fully occupied. In terms of utilization of satellite circuits, Canada is, in fact, the largest per capita user of the system. The earth station constructed for the Department of Transport at Mill Village, N.S. and which the Corporation operates, was brought into service for commercial use and, pending the introduction of suitable multiple-access capability in the Satellites, now alternates on a schedule basis with the American station at Andover, Maine, in handling all North American-European traffic routed via Satellite — appropriate arrangements having been made with the Communications Satellite Corporation (COMSAT) to that end. Canadian circuits in the Satellite System are now operated with Britain, France, Italy, Germany, Switzerland, the Netherlands and Belgium. Our share of the total costs of maintaining and operating the Space Segment of the Satellite System together with our earth station costs and the rentals for rearward connections between Mill Village and Montreal remained, as expected, in excess of the revenues derived from our use of the System. Within the next year or so, this position should be reversed.

Bids were received from a number of manufacturers for a second earth station to be located at Mill Village, N.S., and a contract has been placed with a Canadian supplier. When this new station is completed, the original one will be used by the Department of Transport for its intended purpose of research and experimentation but it will remain available to the Corporation as standby for commercial requirements.

THE PRESIDENT'S REPORT (CONTINUED)

A Satellite was placed in orbit over the Pacific during the month of January but, with some capacity still available to us in the COMPAC (trans-Pacific) Cable, it was not necessary for us to use it. We do, however, anticipate having to do so in the not too distant future and, initially, we would expect to connect with it through the American earth station at Brewster Flat, Washington. In due course, consideration will have to be given to the erection of an earth station in Canada near the West Coast for expanding trans-Pacific operations.

The South East Asia Commonwealth Cable (SEACOM) was completed and it was opened for service on March 30th by Her Majesty the Queen. The Honourable Robert H. Winters, Minister of Trade and Commerce, acting for the Prime Minister, participated in the opening ceremonies on behalf of Canada and engaged in conversations with the Prime Ministers of Malaysia and New Zealand, the acting Prime Ministers of Australia and Singapore and the Secretary of State for Commonwealth Affairs for Britain. Consequently high quality telephone service is now available between Canada and a number of countries in South East Asia. The opening of SEACOM marked the completion of the third segment of the Commonwealth Telephone Cable System which stretches over approximately 23,000 miles — between Britain, Canada, Hawaii, Fiji, New Zealand, Australia, New Guinea, Guam, Hong Kong, Malaysia and Singapore. Pending further appraisal of the capability of a complete global satellite system to satisfy foreseeable world-wide requirements, consideration of extensions to this cable chain is being held in abeyance.

The 80-channel cable system between the United States and Bermuda, in which the Corporation has the right of user of 16 circuits, is operating to capacity and a decision was taken to lay a new multi-channel cable between Canada and Bermuda to provide much needed relief. The cable will land in Canada in the vicinity of and will terminate in the Mill Village, N.S., satellite earth station. This will permit simple interconnection of the satellite and cable systems — the first case of such an arrangement anywhere in the world. It will ensure important economies in buildings, staffing and maintenance. The project is scheduled for completion early in 1969.

A multi-channel cable between Bermuda and Tortola, B.W.I., constructed by our associate, Cable and Wireless (West Indies) Limited, was opened on September 14th and this, with extensions therefrom to the principal islands in the East Caribbean area by the means of a tropospheric scatter network, now makes available high quality service between Canada and the islands in that area.

Additional equipment has been installed and put into service to cater for the substantial growth in telex calling as well as in preparation for the extension of automatic working with more and more countries and of subscriber-to-subscriber dialling in the near future.

Installation of the fully automatic telegraph message switching centre at Montreal was completed and it is now undergoing final acceptance testing. As indicated in last year's Report, this will provide automatic routing of telegraph traffic in both directions through Montreal to its ultimate destination, thus greatly increasing efficiency and reducing operating costs.

The C.C.G.S. John Cabot, the icebreaker-cables ship under charter to the Corporation from the Department of Transport, had a busy year — her activities including a number of repairs, surveys of cable landings in Nova Scotia and Bermuda and some charter work for the American Telephone and Telegraph Company with respect to trial burying of cables on the Continental Shelf to provide protection against trawlers. The results of the latter, although in different waters, encourage the hope that it may in fact prove possible to bury cables in the ocean bed on the Continental Shelf off Newfoundland and thus eliminate the trawling hazard which has plagued cables in that area for a century.

A major step in the direction of providing cheaper overseas telephone service was taken early in 1967 with the introduction of station-to-station calling between Canada and Britain and a number of Continental European countries. This action, after agreement had been reached between the responsible carriers in the countries concerned, brought about reductions in rates of up to 25%. It is expected that, with the pattern thus set, other countries will follow suit as more facilities are made available to accommodate the growth expected from the application of lower rates.

SERVICES

TELEGRAPH

There was a decrease of 5% in total telegraph revenues although traffic originating in Canada increased by 7% — the decrease being the result of a further reduction in the amount of transit traffic being handled. In addition, a modification in the financial arrangements agreed at the Commonwealth Telecommunications Conference 1966 caused a redistribution of some revenue from this source.

THE PRESIDENT'S REPORT (CONTINUED)

TELEPHONE

Telephone service revenues increased by 14%, important increases arising in all relations: Trans-Atlantic — Trans-Pacific — Bermuda — Jamaica and South America. It is expected that this trend will continue.

TELEX

Revenues derived from international telex calls increased by 23%. This would appear at first sight to be a slowing down in the rate of growth during recent years but this is accounted for by the reduction in the minimum charge from that for three minutes to that for one minute in our relations with Britain and West Germany — the two biggest streams of traffic. The percentage increase in the total number of calls was much higher at 61%.

LEASED CIRCUITS

In this area a substantial increase of 31% was achieved and this field of our activities appears to be developing consistently. It is expected that this level can be maintained and improved.

PROGRAMME TRANSMISSIONS

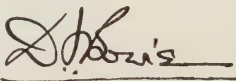
Whilst not an important revenue producer, this service showed an increase of 57%.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1966, and a new agreement was written covering the period ending September 30th, 1967. The agreement with our clerical staff expired on March 31st, 1967, and a new agreement is in the process of negotiation.

ACKNOWLEDGMENT

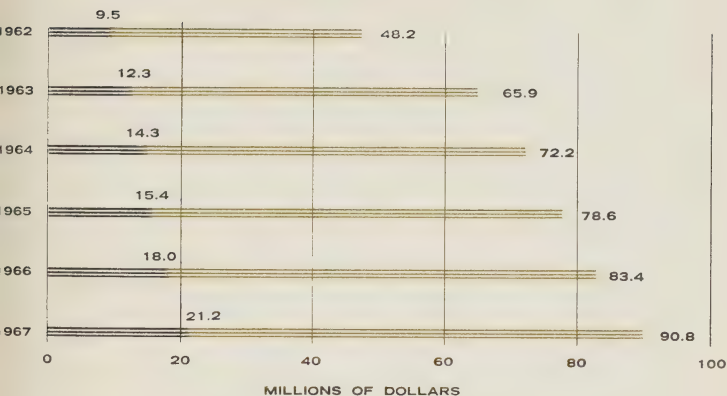
Loyal effort and co-operation by the entire staff of the Corporation were always forthcoming during the year and it is again our pleasure to record our thanks and appreciation to all.



President.

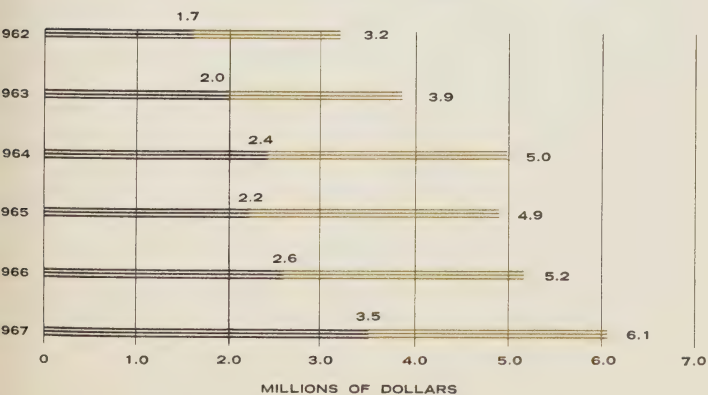
CAPITAL INVESTMENT

ANNUAL REVENUE



INTEREST CHARGES & INCOME TAX

NET PROFIT



CANADIAN OVERSEAS TELEVISION

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with comparative figures for 1966)

ASSETS

	1967	1966
Cash - - - - -	\$ 1,156,537	\$ 225,822
Term Deposit Receipts — at cost - - - - -	1,000,000	3,400,000
Accounts Receivable - - - - -	5,499,721	4,973,114
Prepaid Expenses - - - - -	277,545	299,689
Estimated amount recoverable from Commonwealth Network - - - - -	728,846	(602,804)
Capital Assets, at cost: (Note 1)		
Land, with improvements - - - - - \$ 1,140,312		1,175,757
Buildings - - - - - 7,723,122		7,394,670
Telephone cable systems - - - - - 57,898,963		54,476,529
Transmitters, receivers and other technical equipment - - - - - 23,493,441		19,857,851
Office furniture and equipment, etc. - - - 538,395		534,405
	90,794,233	83,439,212
Less: Accumulated Depreciation - - - - 24,317,594		19,221,241
	<u>66,476,639</u>	<u>64,217,971</u>
	<u>75,139,288</u>	<u>72,513,792</u>

The accompanying notes are

Certified: D. F. BOWIE
President and General Manager

Approved: R. LEVINE
Director

GILLIS PURCELL
Director

NICATION CORPORATION

UNICATION CORPORATION ACT)

MARCH 31, 1967

31, 1966)

LIABILITIES

	1967	1966
Accounts Payable - - - - -	\$ 2,014,386	\$ 2,058,385
Income Tax and Sales Tax Payable - - - - -	2,257,276	1,076,967
Accumulated Tax Reductions applicable to future years (Note 2)	<u>1,847,288</u>	<u>1,756,506</u>
	<u>6,118,950</u>	<u>4,891,858</u>
Capital:		
Advances from the Government of Canada under section 14 of the Act (Note 3) - - - - -	49,773,845	52,522,429
Surplus:		
Balance as at April 1, 1966 - - - - -	\$15,099,505	
Add:		
Net profit for the year ended March 31, 1967, per statement of Income and Expense - - - - -	3,549,713	
Prior Years' Adjustments (Note 5) - -	<u>597,275</u>	
Balance as at March 31, 1967 - - - - -	<u>19,246,493</u>	15,099,505
	<u>69,020,338</u>	
	<u>75,139,288</u>	<u>72,513,792</u>

financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 20, 1967 to the Minister of Transport.

A. M. HENDERSON

Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1967

(with comparative figures for the year ended March 31, 1966)

	1967	1966
Income —		
Telegraph, telephone, telex, circuit rentals, etc. - - - -	\$21,212,533	\$17,967,279
Expense —		
Operating salaries and wages - - - - -	\$ 3,727,717	3,109,113
Administrative salaries - - - - -	1,064,719	924,308
Employees' welfare benefits - - - - -	277,826	224,430
Rental of circuits, etc. - - - - -	2,278,836	2,177,543
Maintenance and repairs — plant and equipment	1,142,429	981,053
Interest (after capitalizing \$197,950) - - -	2,356,888	2,523,960
Depreciation - - - - -	5,282,439	4,828,252
Other operating and administrative expenses -	699,250	931,385
	<u>16,830,104</u>	<u>15,700,044</u>
Deduct: Estimated amount recoverable from Commonwealth Network—excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - - -	<u>2,696,697</u>	<u>2,833,583</u>
	<u>14,133,407</u>	<u>12,866,461</u>
Profit before Income Tax - - - - -	7,079,126	5,100,818
Deduct: Income Tax (Note 2) - - - - -	<u>3,529,413</u>	<u>2,540,259</u>
Net Profit for Year - - - - -	<u><u>3,549,713</u></u>	<u><u>2,560,559</u></u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. As at March 31, 1967, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1967 - 1026 dated May 23, 1967, amounted to approximately \$34,301,120 of which \$17,073,420 relates to the year ending March 31, 1968.
2. The income taxes payable in respect of the year amount to \$3,438,631. The difference of \$90,782 between this and the taxes charged against income results from claiming for tax purposes an amount greater than the depreciation recorded in the accounts. This difference is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and is accordingly included in the balance sheet in the item "Accumulated Tax Reductions applicable to future years".
3. The advances from the Government of Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1967 totalled \$2,748,584 and instalments falling due for repayment during the year ending March 31, 1968 aggregate \$2,890,588.
4. Included in the expenses for 1966 - 67 are: remuneration of executive officers, \$111,574; and directors' fees, \$1,500.
5. The addition to surplus of \$597,275 represents a net adjustment of prior years' estimates of the amount recoverable from the Commonwealth Network for the years ended March 31, 1957 to 1966 inclusive amounting to \$1,194,913 less income tax thereon, \$597,638.

AUDITOR'S REPORT

Ottawa, June 20, 1967

THE HONOURABLE J. W. PICKERSGILL,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1967. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General of Canada.

SATELLITE EARTH STATION, MILL VILLAGE, N.S.

Constructed by Dept. of Transport and operated by the Corporation

(Photo courtesy of RCA Victor Co. Ltd., Montreal)



OFFICERS

R. E. CLOUTIER, B. COM., C.A.
Comptroller

C. A. O'BRIEN
Manager, Public Relations
(retired July 31, 1966)

A. D. HAWKINS
Manager, Personnel

A. M. WOLFE
Manager, Commercial Division

T. E. LADEROUTE
Special Studies

H. L. BISAILLON
Traffic Manager
(retired January 31, 1967)

R. E. GREVILLE
Property Manager

A. W. QUIRK
Purchasing Agent

R. R. Y. HILL
Superintendent of Operations

BRANCH OFFICES

Corner Brook, Nfld.

St. John's, Nfld.

Halifax, N.S.

Mill Village, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

Keawaula, Hawaii

CT
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18th Annual Report

FOR THE YEAR ENDED MARCH 31, 1968

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION



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Government
Publications

"THE WORLD AT YOUR CALL!"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

BOARD OF DIRECTORS

Chairman D. F. BOWIE

President and General Manager,
Canadian Overseas Telecommunication Corporation,
Montreal, Que.

ELMER BRAGG

President,
Bragg Lumber Company,
Collingwood, N.S.
(appointed November 7, 1967)

R. G. LEFRANÇOIS

President,
Nordair Limited,
Montreal, Que.

R. R. LEVINE

Director,
Canadian Converters' Company Limited,
Montreal, Que.

W. S. PIPES

Vancouver, B.C.

G. P. PURCELL

General Manager,
The Canadian Press,
Toronto, Ont.

R. THERRIEN

Consulting Engineer,
Réal Therrien & Associés,
Quebec, Que.
(term expired March 15, 1968)

MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
G. M. WATERHOUSE, C.A.	<i>Vice-President, Finance</i>
C. S. GREGORY	<i>Vice-President and Secretary</i>
E. ELIASSEN, M.Sc., P.ENG.	<i>Vice-President, Engineering and Operations</i>
J. R. LAMB	<i>Assistant General Manager, Traffic and Operations (retired June 21, 1967)</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 3

THE PRESIDENT'S REPORT

June 27, 1968

HONOURABLE PAUL T. HELLYER,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

This, our Eighteenth Annual Report, covering the fiscal year ended March 31st, 1968, is submitted on behalf of the Board of Directors.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended March 31 1968	March 31 1967	increase (decrease) from 1967
Income - - - - -	\$24,502,031	\$21,212,533	16%
Depreciation - - - - -	5,891,961	5,282,439	12%
Interest on Government Advances -	2,495,059	2,554,838	(2%)
Income Tax - - - - -	3,970,416	3,529,413	12%
Net Profit for year - - - - -	3,990,716	3,549,713	12%

Financial Statements for the twelve months ended March 31st, 1968, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases/(decreases) in revenue realized by the major services provided by the Corporation.

Telegraph - - - - -	17%
Telephone - - - - -	15%
International Telex - - - -	24%
Leased Circuits - - - - -	(4%)

GENERAL

Overseas telecommunications during the fiscal year ended March 31st, 1968, showed a steady growth over the previous year but available capacity was adequate efficiently to handle all traffic offered. Further planning and equipment already on order will ensure that the latter condition is maintained.

Centennial Year and the visits to Canada of many Heads of State, Expo 67 and the Pan-American Games in Winnipeg gave a boost to traffic generally and consequently called for a number of special arrangements as well as deployment of staff and equipment to appropriate locations in order to provide direct communications from on site. All these special operations were carried out successfully.

Installation of the Time Assignment Speech Interpolation equipment, referred to in last year's Report, was duly completed and has provided much needed relief in the form of additional capacity across both the Atlantic and the Pacific. This extra capacity has enabled us to keep pace with rising public telephone, telegraph and telex requirements.

As demands for trans-Atlantic service increased, additional circuits were also taken up in the Satellite System. The Corporation is now operating 35 circuits through the Atlantic Satellites and the Mill Village earth station is currently operating on a twenty-four hours per day basis. As foreseen in last year's Report, revenues from our Satellite operations were only slightly less than expenses. Under an agreement with the Communications Satellite Corporation (COMSAT), Mill Village works with one Satellite (INTELSAT I) and the American Station at Andover, Maine, with another (INTELSAT II) and each station carries traffic for certain specific areas in Europe regardless of its origin in Canada or U.S.A. This arrangement currently favours the Corporation from a revenue point of view but when a second American Atlantic earth station becomes operational, revenue from this source is likely to change. Anticipated traffic growth should establish the profitability of the operation.

The second satellite earth station at Mill Village is now in the process of construction by the RCA Victor Company and is expected to be ready for service early in 1969.

So far we have not found it necessary to utilize the Pacific Satellites but, in view of traffic growth and the need for provision of backup for the Commonwealth Pacific Cable route, we anticipate starting to make use of them during the current fiscal year. In the initial stages we shall reach the Satellites through the American earth station at Brewster Flat, Washington, pending the possible construction of our own earth station on the West Coast.

THE PRESIDENT'S REPORT (CONTINUED)

The Corporation, in its role as Canada's designated entity in the international telecommunications satellite field and representative on the Interim Communications Satellite Committee, has played an active part on this Committee and on all its advisory sub-committees. We are sharing in the production by the Committee of recommendations covering arrangements for a Definitive Global System to replace the Interim System at present in operation. The recommendations produced by the Committee will be submitted to all National Governments for their consideration prior to and at a conference to be called by the Government of the United States in Washington in March 1969, with the objective of completing arrangements for a comprehensive global system by the end of next year.

Considerable progress has been made in the planning, design and construction of the new cable system to connect Canada directly with Bermuda but, owing to some technical problems arising with respect to the new type of repeaters being used — which have now been cleared — the ready-for-service date is expected to be delayed beyond the original target date of early 1969.

Although some considerable delay was encountered before the computerized automatic telegraph message switching equipment could be accepted and taken over from the suppliers, we were able to accept it tentatively during March for final trial purposes. It went into operation early in April and it is expected to provide much improved service in all respects as well as substantially to reduce the costs of our telegraph operations.

On March 27th, the Corporation played its part in the inauguration of overseas dataphone service required by Polymer Corporation between Sarnia, Ontario and Fribourg, Switzerland. This was a first for Canada, Polymer Corporation, Bell Canada and the Corporation and is the forerunner of what is expected to be a substantial demand for this type of service in the future.

As in past years, representatives from the Corporation participated in a number of meetings of the Commonwealth Telecommunications Council, Commonwealth Cable Management Committee, the International Telegraph and Telephone Consultative Committee Study and Working Groups in addition to those of the Interim Communications Satellite Committee and its sub-committees. It is a special pleasure to be able to record that Mr. G. M. Waterhouse, Vice-President, Finance, has been elected Chairman of the Advisory Sub-committee on Finance.

After 46 and 48 years respectively of service in the telecommunications field, the Corporation reluctantly lost the experience — through retirement — of Mr. J. R. Lamb, Assistant General Manager, Traffic and Operations and Mr. A. M. Wolfe, Manager, Commercial Division. As positive steps in the process of reorganization essential to enable the Corporation to keep up with the continuing rapid changes in the telecommunications field, Mr. E. Eliassen was appointed Vice-President, Engineering and Operations and Messrs. D. V. Doran-Veevers and J. S. Crispin were appointed Chief Engineers, the former in charge of Operations and the latter Equipment and Installation.

SERVICES

TELEGRAPH

There was a very satisfactory increase of 17% in total telegraph revenues derived from greater acceptance of the Corporation's services by Canadian users and by our overseas connections.

TELEPHONE

Revenues from this service continued to rise in almost all relations reflecting a maintenance of a steady annual growth. The increase amounted to 15%. Direct operations via Satellite were introduced with Spain and Greece, making a total of nine European countries now being served by Satellite.

TELEX

The use of this service continues its steady expansion and a satisfactory increase of 24% was achieved.

LEASED CIRCUITS

Revenue from this source declined by some 4% due to some terminations.

PROGRAMME TRANSMISSIONS AND FACSIMILE

Although revenue is normally relatively small, there were large increases from both these services mainly due to the special events which occurred in Canada in 1967.

THE PRESIDENT'S REPORT (CONTINUED)

GROWTH IN FACILITIES

The following comparison shows the growth in overseas circuits provided by the Corporation since its inception for telegraph, telex and telephone purposes, as well as for private leases:-

	1950	1966	1968
Telegraph/Telex - - - - -	13	264	577
Telephone - - - - -	3	157	312

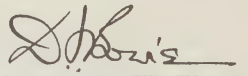
In 1950 circuits were provided only for public telephone and telegraph message traffic. There was no international telex service and private leases were not provided then only becoming available with the Corporation's expansion of facilities commencing in 1956.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1967, and a new agreement was written covering the period ending September 30th, 1968. The agreement with our clerical staff expired on March 31st, 1968, and a new agreement has been concluded covering the period ending March 31st, 1969.

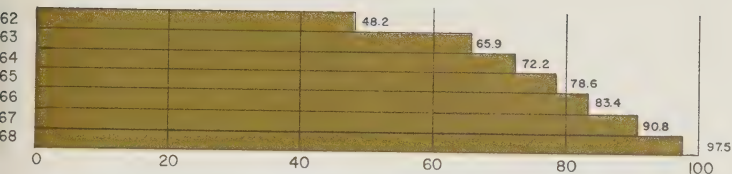
ACKNOWLEDGMENT

It is again a great pleasure to include a special expression of appreciation to all our officers and staff for their excellent efforts and co-operation during the past year.

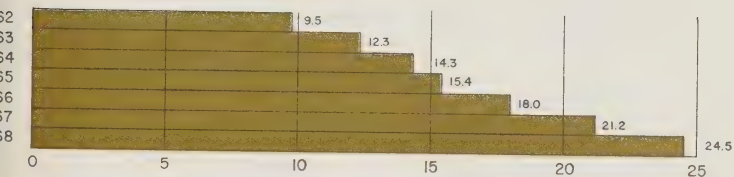


President.

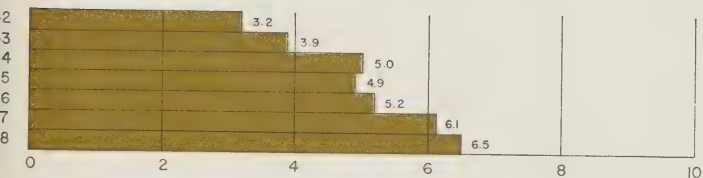
CAPITAL INVESTMENT



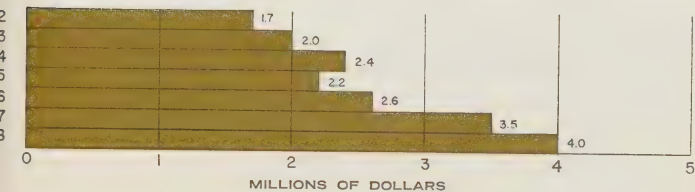
ANNUAL REVENUE



INTEREST CHARGES & INCOME TAX



NET PROFIT



MILLIONS OF DOLLARS

CANADIAN OVERSEAS TEL

(ESTABLISHED BY THE CANADIAN

BALANCE SHEET

(with compar

ASSETS

	1968	1967
Cash - - - - -	\$ 549,282	\$ 1,156,537
Term Deposit Receipts — at cost - - - - -	4,500,000	1,000,000
Amount due from sale of rights in Compac Cable System - - -	2,471,362	—
Accounts Receivable - - - - -	7,031,093	5,499,721
Prepaid Expenses - - - - -	404,784	277,545
Capital Assets, at cost: (Note 1)		
Land, with improvements - - - - - \$ 1,161,099		1,140,312
Buildings - - - - - 10,450,321		7,723,122
Telephone cable systems - - - - - 55,945,209		57,898,963
Transmitters, receivers and other technical equipment - - - - - 29,429,234		23,493,441
Office furniture and equipment, etc. - - - - - 534,111		538,395
	97,519,974	90,794,233
Less: Accumulated Depreciation - - - - - 29,512,897		24,317,594
	<u>68,007,077</u>	<u>66,476,639</u>
	<u>82,963,598</u>	<u>74,410,442</u>

The accompanying notes are ar

Certified: D. F. BOWIE
President and General Manager

Approved: ROLAND G. LEFRANÇOIS
Director

W. S. PIPES
Director

UNICATION CORPORATION

UNICATION CORPORATION ACT)

MARCH 31, 1968

h 31, 1967)

LIABILITIES

	1968	1967
Accounts Payable - - - - -	\$ 3,873,063	\$ 2,014,386
Income Tax and Sales Tax Payable - - - - -	955,395	2,257,276
Accumulated Tax Reductions applicable to future years (Note 2)	2,249,995	1,847,288
Estimated Amount Due Commonwealth Network - - - - -	237,573	(728,846)
	<u>7,316,026</u>	<u>5,390,104</u>
Capital:		
Advances from the Government of Canada under section 14 of the Act (Note 3) - - - - -	52,383,257	49,773,845
Surplus:		
Balance as at April 1, 1967 - - - - -	\$19,246,493	
Add:		
Net profit for the year ended March 31, 1968, per Statement of Income and Expense - - - - -	3,990,716	
Prior Years' Adjustment (Note 5) - -	<u>27,106</u>	
Balance as at March 31, 1968 - - - - -	<u>23,264,315</u>	<u>19,246,493</u>
	<u>75,647,572</u>	
	<u>82,963,598</u>	<u>74,410,442</u>

he financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 20, 1968 to the Minister of Transport.

A. M. HENDERSON

Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1968

(with comparative figures for the year ended March 31, 1967)

	1968	1967
Income —		
Telegraph, telephone, telex, circuit rentals, satellite, etc. - -	\$24,502,031	\$21,212,53
Expense —		
Operating salaries and wages - - - - -	\$ 4,466,474	3,727,71
Administrative salaries - - - - -	1,232,677	1,064,71
Employees' welfare benefits - - - - -	308,481	277,82
Rental of circuits, etc. - - - - -	2,620,877	2,278,83
Maintenance and repairs — plant and equipment -	1,072,707	1,142,42
Interest (after capitalizing \$62,117) - - - - -	2,432,942	2,356,88
Depreciation - - - - -	5,891,961	5,282,43
Other operating and administrative expenses - -	730,836	699,25
	<u>18,756,955</u>	<u>16,830,10</u>
Deduct: Estimated amount recoverable from Commonwealth Network — excess of applicable expenditures over Corporation's share of total Commonwealth Network expenses - - - - -	<u>2,216,056</u>	<u>2,696,69</u>
	<u>16,540,899</u>	<u>14,133,407</u>
Profit before Income Tax - - - - -	7,961,132	7,079,12
Deduct: Income Tax (Note 2) - - - - -	<u>3,970,416</u>	<u>3,529,413</u>
Net Profit for Year - - - - -	<u><u>3,990,716</u></u>	<u><u>3,549,713</u></u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. As at March 31, 1968, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1968-830 dated April 30, 1968, amounted to approximately \$26,570,050 of which \$19,087,150 relates to the year ending March 31, 1969.
2. The income taxes payable in respect of the year amount to \$3,695,184. The difference of \$275,232 between this and the taxes charged against income results from claiming for tax purposes an amount greater than the depreciation recorded in the accounts. This difference is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and is accordingly included in the balance sheet in the item "Accumulated Tax Reductions applicable to future years".
3. The advances from the Government of Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1968 totalled \$2,890,588 and instalments falling due for repayment during the year ending March 31, 1969 aggregate \$3,040,103.
4. Included in the expenses for 1967-68 are: remuneration of executive officers, \$121,953; and directors' fees, \$2,200.
5. The addition to surplus of \$27,106 represents a net adjustment of prior years' estimates of the amount recoverable from the Commonwealth Network for the years ended March 31, 1962 and 1965 amounting to \$54,212 less income tax thereon, \$27,106.

AUDITOR'S REPORT

Ottawa, June 20, 1968

THE HONOURABLE P. T. HELLYER,
MINISTER OF TRANSPORT,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1968. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General of Canada.



OFFICERS

R. E. CLOUTIER, B.COM., C.A.
Comptroller

J. S. CRISPIN, P.ENG.
*Chief Engineer, Equipment and
Installation*

D. V. DORAN-VEEVERS, P.ENG.
Chief Engineer, Operations

C. H. R. BIRD
Area Manager, Eastern Area

K. L. SPARK
Area Manager, Western Area

T. E. LADEROUTE
Special Studies

N. T. BYRNE
Executive Assistant

F. A. MATTHEWS
Executive Assistant

A. D. HAWKINS
Manager, Personnel

R. E. GREVILLE
Property Manager

A. W. QUIRK
Purchasing Agent

R. R. Y. HILL
Superintendent of Operations

A. M. WOLFE
Manager, Commercial Division
(retired February 29, 1968)

BRANCH OFFICES

Corner Brook, Nfld.

St. John's, Nfld.

Halifax, N.S.

Mill Village, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

Keawaula, Hawaii

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19th Annual Report

FOR THE YEAR ENDED MARCH 31, 1969

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

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"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

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Montreal, Que.

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The Canadian Press,
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MANAGEMENT

D. F. BOWIE

President and General Manager

G. M. WATERHOUSE, C.A.

Vice-President, Finance

C. S. GREGORY

Vice-President and Secretary

E. ELIASSEN, M.Sc., Eng.

Vice-President, Engineering and Operations

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 101

THE PRESIDENT'S REPORT

June 19, 1969.

THE HONOURABLE ERIC W. KIERANS,
MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir,

This, our Nineteenth Annual Report, covering the fiscal year ended March 31, 1969, is submitted on behalf of the Board of Directors.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary.

	Year ended March 31st 1969	1968	increase from 1968
Income - - - - -	\$30,499,841	\$24,502,031	24%
Depreciation - - - - -	6,771,869	5,891,961	15%
Interest on Government Advances - - - - -	2,619,786	2,495,059	5%
Income Tax - - - - -	6,195,000	3,970,416	56%
Net Profit for year - - - - -	5,793,304	3,990,716	45%

Financial Statements for the twelve months ended March 31st, 1969, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases in revenue realized by the major services provided by the Corporation.

Telegraph - - - - -	12%
Telephone - - - - -	28%
International Telex - - - - -	65%
Leased Circuits - - - - -	6%

GENERAL

The year ended March 31st, 1969, showed a rate of growth in demand for overseas telecommunications services even greater than that of past years.

Unlike the previous fiscal year, which encompassed the country's Centennial celebrations, visits by many Heads of State, EXPO 67 and the Pan-American Games, no events of special significance occurred in Canada requiring special arrangements to cater for occasional heavy upswings in traffic and the increases achieved during the past year can, therefore, be attributed simply to normal growth. There were, however, two occurrences during the year which, from a traffic point of view, probably largely offset each other and these were the postal strike in Canada in August 1968 which created heavy demand for service and, more recently, a strike of telecommunications operators in the British Post Office which cut off our telegraph services with Britain for a number of days.

Construction of the Corporation's new earth station at Mill Village, N.S., was completed and the station was brought into service for Trans-Atlantic operations on February 7th through the INTELSAT III Satellite which was placed in orbit over the Atlantic by the International Satellite Consortium in December, 1968. We are currently operating 50 circuits via the Satellite and, as we no longer have any Trans-Atlantic cable capacity available, growth in traffic in the Atlantic area will call for still greater use of this medium.

A similar lack of spare cable circuits in the Commonwealth Pacific Cable Systems to New Zealand, Australia and South East Asia made it necessary for us to take up facilities in the INTELSAT Pacific Satellite which we are at present reaching via the American earth station at Jamesburg, California. Planning is proceeding for the provision of an earth station in British Columbia to enable Canada to reach the Satellite directly for the purpose of providing additional capacity to countries in the Pacific area generally.

The Canada-Bermuda Cable System, which will terminate at Mill Village, N.S., is still in the course of construction — its completion being delayed owing to some further problems in the manufacture of the new type repeaters. It is, however, expected to be ready for service early in 1970.

Our computerized automatic telegraph message switching equipment, which was brought into service in Montreal in April last year, produced some initial problems but, after some weeks of necessary adjustments, it has proved to be entirely satisfactory in every respect and has virtually eliminated delays previously encountered in manual handling at Montreal.

THE PRESIDENT'S REPORT (CONTINUED)

The rate of growth in the Telex service has proved to be much more rapid than could have been reasonably forecast and it has consequently been difficult to maintain the right pace for the provision of necessary additional equipment. The introduction of the one minute minimum charge for telex calls with a number of countries greatly increased demand for service and was perhaps the main contributor to the problem.

We have planned for the installation of computerized automatic telex switching equipment which will have such increased capacity and flexibility as to ensure on-demand service for the user.

Present technological developments cause rapid obsolescence in electronic equipment and it is, therefore, important that we avoid over-provision while nevertheless ensuring that sufficient equipment is available to cope with demands for telex service. We are confident that the steps currently being taken will achieve this.

The Corporation, as Canada's designated entity in the international telecommunications satellite field, continued to play an active part as a member of the Interim Communications Satellite Committee and to contribute to the extent of its agreed proportion to the financing of the construction of the INTELSAT III Series of Satellites and their launching. Before the end of 1969, in addition to the Satellites over the Pacific and Atlantic oceans, one will be in orbit over the Indian Ocean, thus completing a global system. Insofar as Canada is concerned, however, we shall not be able to "see" the Indian Ocean Satellite either from Mill Village or from our planned West Coast Station and our communications with countries in that area will, of necessity, have to continue to be made through Britain or Australia.

The 1964 Agreements between Governments establishing Interim Arrangements for a Global Commercial Communications Satellite System called for the Interim Committee to produce, before the first of January 1969, recommendations concerning definitive arrangements for an international global system to supersede the interim arrangements and for an international Conference to be convened by the Government of the United States of America within three months following submission of the report. Such a Conference was held in Washington between February 24th and March 22nd and was attended by representatives of 66 Governments, Members of the INTELSAT Consortium, and representatives of some 20 non-member Governments, as Observers. It was not possible to reach agreement on all matters in the time available and the Conference is now scheduled to reconvene in Washington in November but, in the meantime, Preparatory Committee meetings are to be held with the view to producing some reconciliation of differing viewpoints. The Corporation participated in the Canadian Delegation at the Conference and will also assist on the Preparatory Committee.

In conformity with the terms of the Commonwealth Telegraphs Agreement 1948, the Commonwealth Telecommunications Board was established with headquarters in London and all signatories to the Agreement were entitled to a seat on the Board — in each case a permanent representative located in London. It became clear a few years ago that the procedures of the Board were such that too many delays were encountered in obtaining agreed views on matters of mutual interest to the signatory countries. After appropriate studies and negotiations a new Commonwealth Telecommunications Organization has been set up with the unanimous agreement of all the Governments concerned and this became effective on April 1st, 1969, following immediately upon the termination of the Commonwealth Telecommunications Board on March 31st. It is expected that the new Organization, composed of representatives of operating entities in direct contact amongst themselves, will speed up the processes of consultation and agreement on matters of concern to all Partners. The Corporation represents Canada on the Council of the new Organization.

Arising from Canada's membership in the International Telecommunications Union, the Corporation, in collaboration with the Department of Communications, participates in a considerable number of meetings each year in different countries.

In order to accommodate all of these requirements in the international field — and these appear to be increasing steadily each year — it became necessary to strengthen our middle management level so that work could be better distributed and certain responsibilities suitably delegated. Results of the changes are proving satisfactory.

Taking a look at the future, which we can continue to regard with confidence in the anticipation of steady growth, we look forward in particular to the extension of fully automatic working in both telephone and telex services. Within the foreseeable future, customer dialling for both of these services will be in operation in many of our international relationships and we expect that these advances will make it possible to arrange for appropriate reductions in the rates charged to the users.

SERVICES

As indicated on the first page of this Report, all our major services showed substantial increases as compared with the previous year.

On the other hand, audio and television programmes and facsimile transmissions showed decreases, but these were anticipated because of the comparative lack of newsworthy events in Canada this year as compared with Centennial Year. They represent, however, only a very small portion of our total earnings.

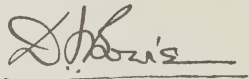
THE PRESIDENT'S REPORT (CONTINUED)

STAFF

The agreement with our technical and operating employees expired on September 30th, 1968, and a new agreement was written covering the period ending September 30th, 1969. The agreement with our clerical staff expired on March 31st, 1969, and, after re-certification through the Labour Relations Board, negotiations are in progress towards a revised agreement.

ACKNOWLEDGMENT

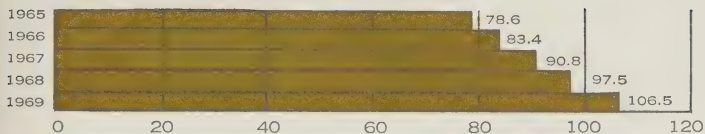
Our appreciation and thanks are due to all our employees for their co-operation and loyal efforts during the past year and it is once again a great pleasure to make this a matter of record.

A handwritten signature in dark ink, appearing to read "J. H. Lewis", is written over a horizontal line. The signature is fluid and cursive.

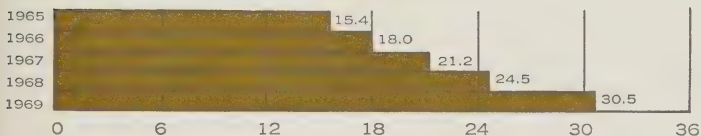
President.

YEAR ENDED
MARCH 31st

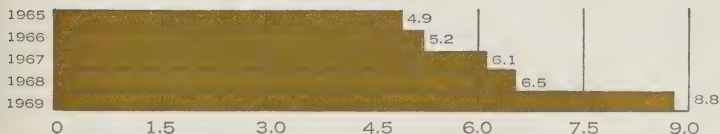
CAPITAL INVESTMENT



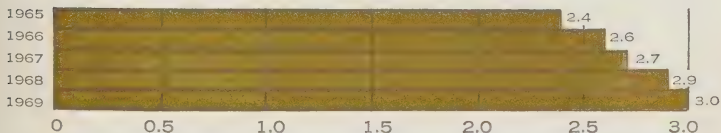
ANNUAL REVENUE



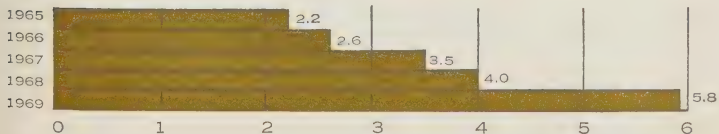
INTEREST CHARGES & INCOME TAX



REPAYMENT OF GOVERNMENT ADVANCES



NET PROFIT



MILLIONS OF DOLLARS

CANADIAN OVERSEAS TELEVISION

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with comparative figures for 1968)

ASSETS

	1969	1968
Current:		
Cash - - - - -	\$ 364,283	\$ 549,282
Short-term deposit receipts - - - - -	10,397,500	4,500,000
Due in respect of sale of Right of User in COMPAC Cable System - - - - -	—	2,471,362
Accounts Receivable - - - - -	7,730,484	7,031,093
Prepaid Expense - - - - -	261,354	404,784
	<u>18,753,621</u>	<u>14,956,521</u>
Capital Assets, at cost: (Note 1)		
Land, with improvements - - - - -	1,195,323	1,161,099
Buildings - - - - -	8,975,649	10,450,321
Telephone cable systems - - - - -	57,184,892	55,945,209
Transmitters, receivers and other technical equipment - - - - -	38,573,909	29,429,234
Office furniture and equipment - - - - -	601,017	534,111
	<u>106,530,790</u>	<u>97,519,974</u>
Less: Accumulated depreciation - - - - -	36,237,106	29,512,897
	<u>70,293,684</u>	<u>68,007,077</u>
	<u>89,047,305</u>	<u>82,963,598</u>

The accompanying notes are an integral part of these financial statements.

Certified: D. F. BOWIE
President and General Manager

Approved: R. LEVINE
Director

ROLAND G. LEFRANÇOIS
Director

UNICATION CORPORATION

(COMMUNICATIONS ACT)

MARCH 31, 1969

(1968)

LIABILITIES

	1969	1968
Current:		
Accounts Payable - - - - -	\$ 5,051,627	\$ 3,873,063
Income and other taxes - - - - -	2,633,913	955,395
Estimated amount due Commonwealth Network - - - -	390,474	237,573
	<u>8,076,014</u>	<u>5,066,031</u>
Deferred income taxes (Note 2) - - - - -	<u>2,570,518</u>	<u>2,249,995</u>
Proprietary Equity of Canada:		
Advances under section 14 of the Act (Note 3) - - - - -	<u>49,343,154</u>	<u>52,383,257</u>
Surplus:		
Balance at beginning of the year - - - - -	23,264,315	19,246,493
Net Income for the year, per Statement of Income and Expense - - - - -	5,793,304	3,990,716
Prior years' adjustment - - - - -	—	27,106
Balance at end of year - - - - -	<u>29,057,619</u>	<u>23,264,315</u>
	<u>78,400,773</u>	<u>75,647,572</u>
	<u>89,047,305</u>	<u>82,963,598</u>

financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 4, 1969 to the Minister of Communications.

A. M. HENDERSON

Auditor General of Canada

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1969

(with comparative figures for the year ended March 31, 1968)

	1969	1968
Income —		
Telegraph, telephone, telex, circuit rentals, satellite, etc. - -	\$30,499,841	<u>\$24,502,031</u>
Expense —		
Operating salaries and wages - - - - -	\$ 4,563,470	4,466,474
Rental of circuits, etc. - - - - -	2,993,233	2,620,877
Interest (after capitalizing \$46,747) - - - -	2,573,039	2,432,942
Administrative salaries - - - - -	1,448,700	1,232,677
Maintenance and repairs — plant and equipment - - - - -	1,954,395	1,072,707
Employees' welfare benefits - - - - -	368,565	308,481
Other operating and administrative expense - -	863,033	730,836
Depreciation - - - - -	6,771,869	5,891,961
	<u>21,536,304</u>	<u>18,756,955</u>
Deduct: Estimated amount recoverable from Commonwealth Network — excess of appli- cable expenditures over Corporation's share of total Commonwealth Network expense - -	3,024,767	2,216,056
	<u>18,511,537</u>	<u>16,540,899</u>
	11,988,304	7,961,132
Provision for income tax (Note 2) - - - - -	6,195,000	3,970,416
Net Income - - - - -	<u>5,793,304</u>	<u>3,990,716</u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. As at March 31, 1969, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1969-888 dated May 1, 1969, amounted to approximately \$19,172,000 of which \$14,256,700 relates to the year ending March 31, 1970.
2. The Corporation records depreciation in its accounts based on the expected useful life of its capital assets but, in calculating its liability for income tax, claims the maximum capital cost allowance permitted under the Income Tax Act. The effect of this procedure is to defer payment of income taxes until future years when depreciation charges will exceed capital cost allowances.
3. The advances from the Government of Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1969 totalled \$3,040,103 and instalments falling due for repayment during the year ending March 31, 1970 aggregate \$3,423,803.
4. Included in the expenses for 1968-69 are: remuneration of executive officers, \$116,705; and directors' fees, \$1,800.

AUDITOR'S REPORT

Ottawa, June 4, 1969

THE HONOURABLE ERIC KIERANS,
MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1969. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON,
Auditor General of Canada.

at Mill Village, N.S.
Diameter - 95 feet.



OFFICERS

FINANCE

R. E. CLOUTIER, B.COM., C.A.
Executive Assistant

R. H. Z'GRAGGEN, B.COM., C.A.
Comptroller

A. D. HAWKINS
Manager, Personnel

G. C. BAXTER
Purchasing Agent

SECRETARY, TARIFFS AND TRAFFIC

N. T. BYRNE, R.I.A.
Executive Assistant

F. A. MATTHEWS
Executive Assistant

T. E. LADEROUTE
Special Studies

R. E. GREVILLE
Property Manager

ENGINEERING AND OPERATIONS

D. V. DORAN-VEEVERS, ENG.
Executive Assistant

J. S. CRISPIN, ENG.
Chief Engineer, Engineering Division

C. H. R. BIRD
Chief, Operations Division

K. L. SPARK
Area Manager, Western Area

J. J. VIENNEAU
Area Manager, Eastern Area

R. R. Y. HILL
Superintendent of Operations

COMMERCIAL DIVISION

M. A. CARON
Manager

BRANCH OFFICES

Corner Brook, Nfld.
St. John's, Nfld.
Halifax, N.S.
Mill Village, N.S.
Grosses Roches, Que.
Yamachiche, Que.

Drummondville, Que.
Toronto, Ont.
Winnipeg, Man.
Vancouver, B.C.
Ladner, B.C.
Port Alberni, B.C.

Keawaula, Hawaii

CT
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20th Annual Report

FOR THE YEAR ENDED MARCH 31, 1970

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION



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Government
Publications

"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

BOARD OF DIRECTORS

<i>Chairman</i> D. F. BOWIE	President and General Manager, Canadian Overseas Telecommunication Corporation, Montreal, Que.
GILLIS PURCELL	Toronto, Ont.
W. S. PIPES	Vancouver, B.C.
E. BRAGG	President, Bragg Lumber Company, Collingwood, N.S.
R. R. LEVINE	Director, Canadian Converters' Company Limited, Montreal, Que.
R. G. LEFRANÇOIS	President, Nordair Limited, Montreal, Que. (term expired December 26, 1969)
F. MERCIER, Q.C.	Stikeman Elliott Tamaki Mercier & Robb, Montreal, Que. (appointed July 10, 1969)
GILLES BERGERON	Assistant Deputy Minister, Department of Communications, Ottawa, Ont. (appointed January 29, 1970)

MANAGEMENT

D. F. BOWIE	<i>President and General Manager</i>
G. M. WATERHOUSE, C.A.	<i>Vice-President, Finance</i>
C. S. GREGORY	<i>Vice-President and Secretary</i>
E. ELIASSEN, M.Sc., ENG.	<i>Vice-President, Engineering and Operations</i>

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION
625 BELMONT STREET, MONTREAL 101

THE PRESIDENT'S REPORT

June 18, 1970.

THE HONOURABLE ERIC W. KIERANS,
MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir,

This, our Twentieth Annual Report, covering the fiscal year ended 31st March, 1970, is submitted on behalf of the Board of Directors.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary:

	Year ended 1970	March 31 1969	Increase (decrease) from 1969
Income - - - - -	\$33,155,108	\$30,499,841	9%
Depreciation - - - - -	7,255,017	6,771,869	7%
Interest on Government Advances - - - - -	2,457,920	2,619,786	(6%)
Income Tax - - - - -	6,470,000	6,195,000	4%
Net Profit for Year - - - -	6,132,444	5,793,304	6%

Financial Statements for the twelve months ended March 31st, 1970, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases (decreases) in revenue realized by the major services provided by the Corporation:

Telegraph - - - - -	2%
Telephone - - - - -	16%
International Telex - - -	22%
Leased Circuits - - - -	(3%)

GENERAL

Although a 9% increase in income was achieved during the year ended March 31st, 1970, the rate of growth was slower than that of recent years due, in part, to loss of revenue from certain transit traffic formerly circulating through Canada from some foreign countries to Commonwealth destinations but now being routed directly via satellite. This had been anticipated and, as more countries establish earth stations and initiate direct operations, we can expect a steady lessening of the use of our facilities for transit purposes. Cancellation of some leases to foreign carriers for similar reasons, as well as reductions in some rates for leases, also contributed to the slower overall growth in revenue.

The computerized automatic telex switching equipment, referred to in last year's Report and now being installed, is expected to be in service about October 1st, 1970. This will eliminate the delays currently being encountered due to congestion, will enable us to cope with the rapid development of this service and provide for full automation of the call ticketing, or charging, process.

Our Trans-Atlantic and Trans-Pacific telephone cable systems have been used to the full extent of their capacity for some time and we continue to make increasing use of the Atlantic and the Pacific area satellites to accommodate growth in traffic on these routes. At the end of the fiscal year we were operating 86 circuits through our Mill Village, N.S. Earth Station and the Atlantic satellite and 13 circuits through the Pacific satellite, which we continue to reach by means of rented facilities in the American Earth Station at Jamesburg, California, pending the construction of our own earth station on Vancouver Island, which we plan to have in operation during 1972.

With satellite communications available in the Pacific area, it became unnecessary to maintain High Frequency Radio services as back-up for the Pacific cable system and as a consequence, we have closed our radio receiving and transmitting stations at Ladner and Cloverdale, B.C. The relatively small number of staff involved in this move will be taken care of through normal retirements and in general reorganization. It is planned to transfer redundant equipment from the West Coast to the Eastern area where we still have a limited requirement for this type of radio service.

As a consequence of the shortage of cable capacity referred to earlier in this Report, we are studying the feasibility of participating with other countries in the construction and laying of a large capacity cable system on the heavy traffic volume North Atlantic route designed to take care of our

THE PRESIDENT'S REPORT (CONTINUED)

needs in the future and to provide a reasonable balance between cable and satellite facilities with the object of maintaining, to the greatest extent possible, full capability in the event of failure of either system.

Completion of the Canada-Bermuda Telephone Cable System (CANBER) has been further delayed due to difficulties in the manufacture of submersible repeaters but it is now expected that it will be in service by the end of 1970.

In order to meet the increasing demand for Canadian terminal and Commonwealth transit services through Canada to the Eastern Caribbean, we acquired Indefeasible Right of User in a number of circuits in the American-owned Florida-St. Thomas, V.I. Telephone Cable System with extensions from the latter to countries in that area. In due course, these will be further supplemented by extensions from the Canada-Bermuda Cable System.

In last year's Report reference was made to the Plenipotentiary Conference on Definitive Arrangements for the International Telecommunications Satellite Consortium which was held in Washington, D.C., from February 24th to March 31st, 1969. Three sessions of the Preparatory Committee set up by that Conference were held during the Summer and Fall of last year. Officers of the Corporation participated in the Preparatory Committee sessions and also in the resumed Conference which met in Washington, D.C., from February 16th to March 20th, 1970. Unfortunately it did not prove possible to reach agreement on some of the major issues involved and, prior to a further resumption of the Plenipotentiary Conference towards the end of this year, an Intersessional Working Group will convene during the coming Summer having the task of endeavouring to resolve differences of views and preparing a single set of recommended texts of draft intergovernmental and operating agreements for consideration by the Plenipotentiary Conference when it resumes.

The Commonwealth Telecommunications Council held its fourth meeting in London during the month of April, 1969 — the first subsequent to the termination of its predecessor, the Commonwealth Telecommunications Board, on March 31st of that year. It is already clear that the new Organization functions more rapidly and efficiently and is a decided improvement on the former arrangements. The Corporation represents Canada on the Council.

As a result of the successful conclusion of negotiations between the Corporation and the Administrations in Great Britain and eighteen other European countries and with the Trans-Canada Telephone System, the Directors approved substantial reductions in Trans-Atlantic telephone, telex/TWX and leased circuit rates. The reductions, which had been forecast in last year's Report, came into effect with Great Britain on March 1st and with other European countries on April 1st, 1970. The Directors decided to take this step in order to pass on to the users some of the benefits of a successful operation and to encourage and facilitate international communications. It is our expectation that, as a consequence of this initial step, it will, in due course, be possible to arrange for comparable reductions in rates with other countries whose concurrence must first be obtained.

SERVICES

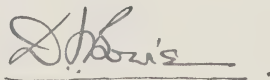
As indicated earlier in this Report, the rate of growth in our major services was somewhat lower than in previous years. Nevertheless, in the light of the factors mentioned earlier in this Report, increases of 16% in telephone revenue and 22% in telex revenue are considered satisfactory.

STAFF

The agreement with our technical and operating employees expired on September 30th, 1969 and a new agreement has been written for a two-year period ending September 30th, 1971. The agreement with our clerical staff expired on March 31st, 1970, and negotiations towards a new agreement for a term of two years ending March 31st, 1972, have been concluded.

ACKNOWLEDGMENT

The continuing cooperation and loyal effort of our staff at all locations is gratefully acknowledged.

A handwritten signature in dark ink, appearing to read "J. H. Lewis", is written over a horizontal line.

President.

CAPITAL INVESTMENT

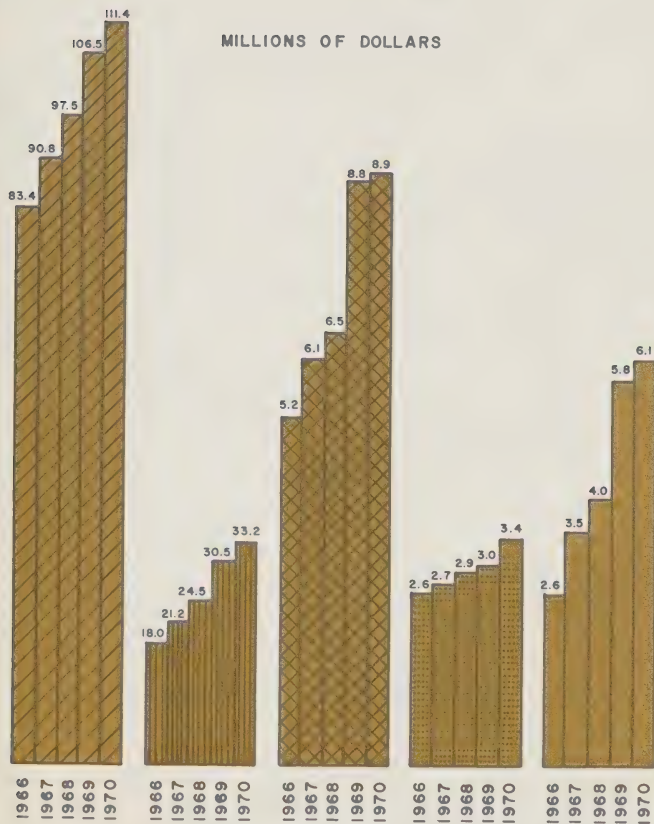
ANNUAL REVENUE

INTEREST CHARGES & INCOME TAX

REPAYMENT OF GOVERNMENT ADVANCES

NET PROFIT

MILLIONS OF DOLLARS



YEAR ENDED MARCH 31st.

CANADIAN OVERSEAS T

(ESTABLISHED BY THE CANADIAN GOVERNMENT)

BALANCE SHEET

(with comparative figures for 1969)

ASSETS

	1970	1969
Current:		
Cash - - - - -	\$ 1,471,912	\$ 364,283
Short-term deposit receipts - - - - -	9,800,000	10,397,500
Estimated amount recoverable from Commonwealth Network (Note 1) - - - - -	598,824	(390,474)
Accounts receivable - - - - -	6,747,803	7,730,484
Prepaid expense - - - - -	289,705	261,354
	<u>18,908,244</u>	<u>18,363,147</u>
Capital Assets, at cost: (Note 2)		
Land, with improvements - - - - -	1,217,884	1,195,323
Buildings - - - - -	9,082,924	8,975,649
Cable systems - - - - -	58,060,560	57,184,892
International satellite system (Space segment) - - - - -	6,786,776	4,674,779
Transmitters, receivers and other technical equipment - - -	35,614,789	33,899,130
Office furniture and equipment - - - - -	624,999	601,017
	<u>111,387,932</u>	<u>106,530,790</u>
Less: Accumulated depreciation - - - - -	43,085,181	36,237,106
	<u>68,302,751</u>	<u>70,293,684</u>
	<u>87,210,995</u>	<u>88,656,831</u>

The accompanying notes are an integral part of these financial statements.

Certified: D. F. BOWIE
President and General Manager

Approved: FRANÇOIS MERCIER
Director

C. E. BRAGG
Director

COMMUNICATION CORPORATION

(INCORPORATED UNDER THE COMMUNICATION CORPORATION ACT)

MARCH 31, 1970

(1969)

LIABILITIES

	1970	1969
Current:		
Accounts payable - - - - -	\$ 3,066,413	\$ 5,051,627
Income and other taxes - - - - -	850,020	2,633,913
	<u>3,916,433</u>	<u>7,685,540</u>
Deferred income taxes (Note 3) - - - - -	<u>2,404,688</u>	<u>2,570,518</u>
Proprietary Equity of Canada:		
Advances under section 14 of the Act (Note 4) - - - - -	<u>45,919,351</u>	<u>49,343,154</u>
Surplus:		
Balance at beginning of the year - - - - -	29,057,619	23,264,315
Less: Prior year's adjustment of excess of applicable expenditures over Corporation's share of total Commonwealth Network expense less income tax thereon	219,540	—
	<u>28,838,079</u>	<u>23,264,315</u>
Add: Net Income for the year, per Statement of Income and Expense - - - - -	6,132,444	5,793,304
Balance at end of the year - - - - -	<u>34,970,523</u>	<u>29,057,619</u>
	<u>80,889,874</u>	<u>78,400,773</u>
	<u>87,210,995</u>	<u>88,656,831</u>

financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 11, 1970 to the Minister of Communications.

GEORGE LONG

for

Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1970

(with comparative figures for the year ended March 31, 1969)

	1970	1969
Income —		
Telegraph, telephone, telex, circuit rentals, satellite, etc. - -	\$33,155,108	\$30,499,84
Expense —		
Operating salaries and wages - - - - -	5,037,675	4,716,69
Administrative salaries - - - - -	1,791,209	1,595,82
Employee benefits - - - - -	474,711	401,93
Depreciation - - - - -	7,255,017	6,771,86
Rental of circuits, etc. - - - - -	4,209,618	2,993,23
Maintenance and repairs — plant and equipment - - - -	2,495,132	1,954,39
Interest - - - - -	2,457,920	2,619,78
Other operating and administrative expense - - - - -	880,662	863,03
	<u>24,601,944</u>	<u>21,916,77</u>
Deduct:		
Estimated amount recoverable from Commonwealth Net- work — excess of applicable expenditures over Corporation's share of total Commonwealth Network expense - - - -	3,275,000	3,024,76
Portion of expense capitalized - - - - -	774,280	380,46
	<u>4,049,280</u>	<u>3,405,23</u>
	<u>20,552,664</u>	<u>18,511,53</u>
	12,602,444	11,988,30
Provision for income tax (Note 3) - - - - -	<u>6,470,000</u>	<u>6,195,00</u>
Net income - - - - -	<u>6,132,444</u>	<u>5,793,30</u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1970

1. The amounts recoverable from Commonwealth Network have been finalized to March 31, 1962, with the recoveries of the succeeding years being reflected on an estimated basis.
2. As at March 31, 1970, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1970-666 dated April 17, 1970, amounted to approximately \$29,100,000 of which \$15,300,000 relates to the year ending March 31, 1971.
3. The Corporation records depreciation in its accounts based on the expected useful life of its capital assets but, in calculating its liability for income tax, claims the maximum capital cost allowance permitted under the Income Tax Act. The deferred income tax account is credited with the income tax payable on the excess of capital cost allowance over depreciation and is charged when the converse prevails. During the year the account was charged with \$165,830.
4. The advances from Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1970 totalled \$3,423,803 and instalments falling due for repayment in the ensuing year aggregate \$3,604,422.
5. Included in the expense for 1969-70 are: remuneration of executive officers, \$112,500; and directors' fees, \$2,000.

AUDITOR'S REPORT

Ottawa, June 11, 1970.

THE HONOURABLE ERIC KIERANS,
MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1970. In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

GEORGE LONG

for

Auditor General of Canada.

FFICERS

FINANCE

R. E. CLOUTIER, B.COM., C.A.
Executive Assistant

R. H. Z'GRAGGEN, B.COM., C.A.
Comptroller

A. D. HAWKINS
Manager, Personnel

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ENGINEERING AND OPERATIONS

D. V. DORAN-VEEVERS, ENG.
Executive Assistant

J. S. CRISPIN, ENG.
Chief Engineer, Engineering Division

C. H. R. BIRD
Chief, Operations Division

K. L. SPARK
Area Manager, Western Area

J. J. VIENNEAU, B.SC.
Area Manager, Eastern Area

L. P. CRAKANTHORP
Superintendent of Operations

COMMERCIAL DIVISION

M. A. CARON
Manager

RANCH OFFICES

Corner Brook, Nfld.

St. John's, Nfld.

Halifax, N.S.

Mill Village, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Ladner, B.C.

Port Alberni, B.C.

Keawaula, Hawaii

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21st Annual Report

FOR THE YEAR ENDED MARCH 31, 1971

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION



"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

BOARD OF DIRECTORS



R. G. LEFRANÇOIS
President
Nordair Limited
Montreal, Que.
(appointed December 4, 1970)



DOUGLAS F. BOWIE
Chairman



F. MERCIER, Q.C.
Stikeman Elliott Tamaki
Mercier & Robb
Montreal, Que.



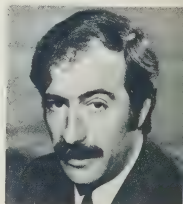
GILLIS PURCELL
Toronto, Ont.



E. BRAGG
President
Bragg Lumber Company
Collingwood, N.S.



W. S. PIPES
Vancouver, B.C.



DE MONTIGNY MARCHAND
Assistant Deputy Minister
Operations
Department of Communi
Ottawa, Ont.
(appointed March 25, 1971)

R. R. LEVINE (deceased October 3, 1970)

GILLES BERGERON (resigned December 23, 1970)

MANAGEMENT



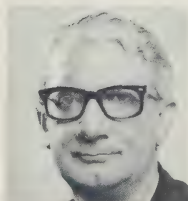
DOUGLAS F. BOWIE
*President and
General Manager*



GORDON M. WATERHOUSE, C.A.
Vice-President, Finance



CECIL S. GREGORY
Vice-President and Secretary



ERNST ELIASSEN, M.Sc., Eng.
*Vice-President, Engineering
and Operations*

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 101

THE PRESIDENT'S REPORT

May 31, 1971

THE HONOURABLE GÉRARD PELLETIER,
ACTING MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir,

This, our Twenty-First Report, covering the fiscal year ended 31st March, 1971, is submitted on behalf of the Board of Directors.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary :

	Year ended March 31 1971	1970	Increase (decrease) from 1970
Income - - - - -	\$33,582,193	\$33,155,108	1%
Depreciation - - - - -	6,426,700	7,255,017	(11%)
Interest on Government Advances - -	2,277,301	2,457,920	(7%)
Income Tax - - - - -	5,654,000	6,470,000	(13%)
Net Profit for Year - - - - -	5,355,061	6,132,444	(13%)

Financial Statements for the twelve months ended March 31st, 1971, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases (decreases) in revenue realized by the major services provided by the Corporation:

Telegraph - - - - -	9.5%
Telephone - - - - -	15.5%
International Telex - - - - -	9.7%
Leased Circuits - - - - -	(25.4%)

For the first time in six years there was a decrease in net profit as compared with the previous year. Paid minutes for telephone and telex traffic increased significantly by 45% and 38% respectively and it was necessary to incur considerable costs in leasing the additional satellite facilities required to handle this traffic growth. However, revenue from these services did not increase proportionately due to rate reductions, which are referred to later in this Report. In addition, our leased circuit revenue decreased by 25.4% during the year, reflecting both lower rates and a number of terminations.

GENERAL

This being the 21st Annual Report of the Corporation, a general review of the progress made during those years by comprehensive graphs of financial growth has been included at pages 8 and 9.

As regards the year under review, the 49-day strike of the British Post Office staff caused our telegraph services with Britain to be completely cut off resulting in a substantial loss of revenue on that account. On the other hand many countries which normally use Britain as a transit point switched their traffic via Canada and the net result was an increase in telegraph revenue.

At the beginning of the fiscal year we made substantial reductions in our telephone and telex rates to Europe and it is a pleasure to record that revenues from the telephone service increased by about 15.5% and from telex by 9.7%. Part of this, however, was undoubtedly due to customers using those services to Britain during the strike in lieu of telegraph.

Unfortunately the opening of the computerized automatic Telex switching system which had been expected to be ready for service in October was badly delayed owing to some of the components provided by the contractor being unsatisfactory but the replacements have now been provided and the new system is expected to be in service within the next month. The delay in completion of the system seriously compounded our problem of communication with Britain during the strike and the extra load created thereby caused some substantial delays in service.

Leased circuit revenues declined because of the cancellation of some leases by United States carriers who started using satellite circuits from American-based earth stations and a substantial reduction in the charges for a system used by the American forces — the original cost having been completely amortized being justification for the reduction. Our annual expenses on this account were correspondingly lower.

The Canada-Bermuda Cable was further delayed but it is now completed and was brought into service on May 24th.

As mentioned in last year's Report, our available cable capacity across both the Atlantic and the Pacific was completely occupied and a lengthy study of the feasibility of laying a very large capacity cable between Canada and Britain was completed. An agreement between the British Post Office and the Corporation was duly reached and work has now been started on the new cable which will have a capacity of 1840 two-way voice circuits and which will land in Nova Scotia and in Cornwall, England. It will be completed in 1974 with a calculated life-expectancy of twenty-five years.

THE PRESIDENT'S REPORT (CONTINUED)

A number of European countries have indicated their interest in buying into the cable for the purpose of expanding their facilities with Canada.

Traffic forecasts up to the year 1985 indicate that we shall have a requirement of up to 5,000 trans-Atlantic circuits by that time and the slack will be taken up by expanded use of the Satellite System. The rapid expansion envisaged will derive largely from the introduction of Direct Distance Dialling and the likelihood of further rate reductions, both of which will develop increased traffic and will call for the availability of considerably more circuits. The combination of the two media will provide us with the greatest possible degree of alternate routing in case of failure of either system.

As regards the Pacific area, a contract has been awarded to RCA Limited for the construction of an earth station at Lake Cowichan, B.C., due for completion in 1972, and for some years at least this will provide adequate capacity in that area.

As more and more countries install earth stations, we shall be able to establish direct operations with them via Satellite and this is a trend which should continue. We now have direct operations with 42 countries as compared with 5, and we operate 400 telephone, 426 telegraph and Telex circuits — a total of 826 for direct and trans-continental operational purposes as compared with 3 telephone and 13 telegraph when the Corporation was founded in 1950.

In recent Reports reference has been made to the Plenipotentiary Conference on Definitive Arrangements for the International Satellite Consortium. During the year under review an Intersessional Working Group held three sessions in Washington with the result that the resumed Conference was able to agree on definitive arrangements for INTELSAT. The inter-governmental and operating agreements will be opened for signature in Washington on August 20, 1971. Present traffic forecasts indicate that the Corporation's ownership in INTELSAT, which will be based on use of the system, will remain at approximately 3¼% — the fifth largest user in the 79-nation Consortium.

The Commonwealth Telecommunications Council held its Fifth Meeting in Montreal during the month of September and some further progress was made towards the setting up of new Unified Accounting arrangements. It is expected that these can be finalized by mid-Summer 1972 at a Commonwealth Conference scheduled to be held next year in Ottawa.

During the year under review, Mr. Cecil S. Gregory, Vice-President and Secretary, retired after 48 years of service in telecommunications. Messrs. K. L. Spark, Area Manager, Western Area and C. H. R. Bird, Chief, Operations, also retired after 42 and 43 years of service respectively with both the Corporation and its Predecessor Companies.

It is with deep regret that we record the death of Mr. Ralph R. Levine, an active and respected member of our Board of Directors, and Mr. T. E. Laderoute, an Officer of the Corporation with 45 years of service in telecommunications.

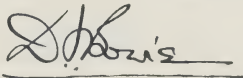
SERVICES

As indicated on the first page of this Report, the majority of our services showed substantial increases in revenue.

The loss of certain circuit leases, as well as reductions of rental charges in those retained, resulted in a decrease in revenue from this source.

ACKNOWLEDGMENT

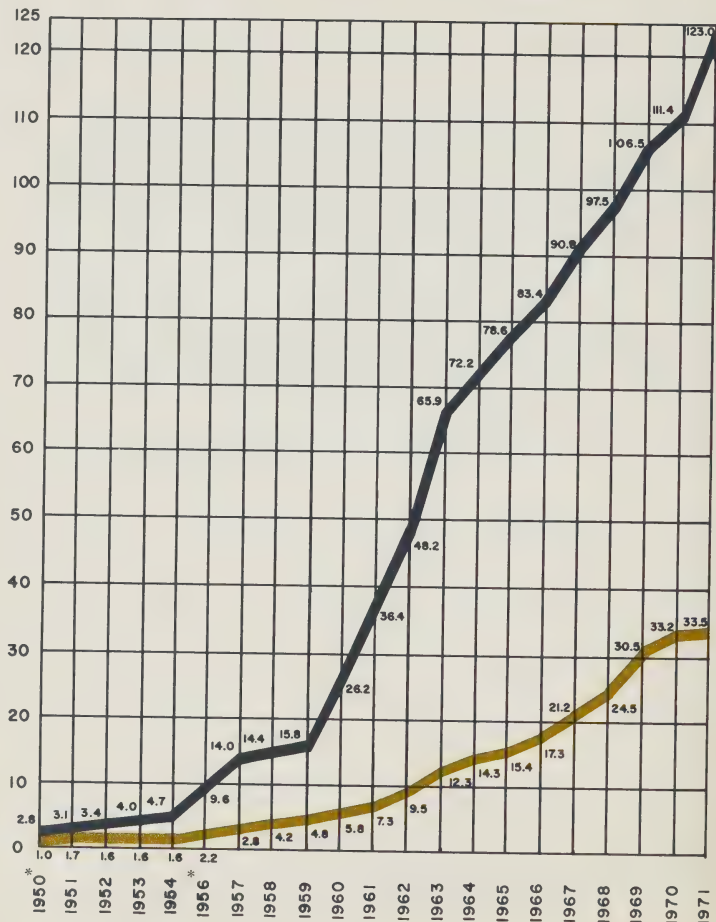
As this will be the last Report which I shall have the privilege of making as I retire today, I should like to direct a special personal note of gratitude to all the Staff who have served the Corporation during its 21 years of life with such dedication and devotion to their duties in the Corporation. I have been privileged to lead such a team whose work and unstinted efforts have brought the Corporation to its high standing in the Telecommunications world.

A handwritten signature in dark ink, appearing to read "J. H. Lewis", is written over a horizontal line.

President.

CAPITAL INVESTMENT — ANNUAL REVENUE —

MILLIONS OF DOLLARS

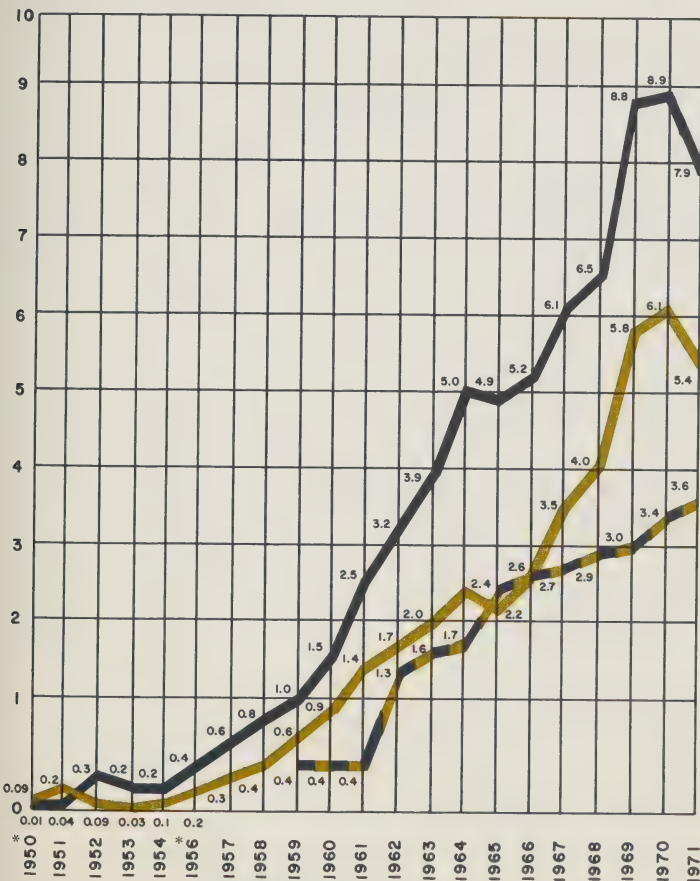


* 1950 = 9 MONTHS

* 1956 = 15 MONTHS

INTEREST CHARGES & INCOME TAX
 REPAYMENT OF GOVERNMENT ADVANCES
 NET PROFIT

MILLIONS OF DOLLARS



* 1950 = 9 MONTHS

* 1956 = 15 MONTHS

CANADIAN OVERSEAS TEL

(ESTABLISHED BY THE CANADIAN

BALANCE SHEET

(with compa

	ASSETS	1971	1970
Current :			
Cash - - - - -		\$ 717,481	\$ 1,471,912
Short-term deposits - - - - -		11,069,125	9,800,000
Accounts receivable - - - - -		8,797,812	6,367,738
Prepaid expense - - - - -		131,622	289,705
		<u>20,716,040</u>	<u>17,929,355</u>
Capital Assets, at cost : (Note 2)			
Land, with improvements - - - - -		1,236,263	1,217,884
Buildings - - - - -		9,313,822	9,082,924
Cable systems - - - - -		62,185,567	58,060,560
International satellite system (Space segment) - - -		10,100,283	6,962,765
Transmitters, receivers and other technical equipment -		39,502,839	35,438,800
Office furniture and equipment - - - - -		640,776	624,999
		<u>122,979,550</u>	<u>111,387,932</u>
Less : Accumulated depreciation - - - - -		49,633,258	43,085,181
		<u>73,346,292</u>	<u>68,302,751</u>
		<u>94,062,332</u>	<u>86,232,106</u>

The accompanying notes are at

Certified Correct : G. M. WATERHOUSE
Vice-President, Finance and Secretary

Approved : W. S. PIPES
Director
GILLIS PURCELL
Director

UNICATION CORPORATION

(COMMUNICATION CORPORATION ACT)

MARCH 31, 1971

(March 31, 1970)

LIABILITIES		1971	1970
Current :			
Accounts payable - - - - -		\$ 5,532,528	\$ 2,686,348
Income and other taxes - - - - -		109,252	850,020
Estimated amount due to Commonwealth Network (Note 1) - - - - -		3,213,707	(598,824)
		<u>8,855,487</u>	<u>2,937,544</u>
Deferred income tax (Note 3) - - - - -		<u>2,566,332</u>	<u>2,404,688</u>
Proprietary Equity of Canada :			
Advances under section 14 of the Act (Note 4) - -		<u>42,314,929</u>	<u>45,919,351</u>
Surplus :			
Balance at beginning of the year - - - - -		34,970,523	29,057,619
Less : Prior year's adjustment of excess of applicable expenditures over Corporation's share of total Commonwealth Network expense less income tax thereon - - - - -		—	219,540
		<u>34,970,523</u>	<u>28,838,079</u>
Add: Net Income for the year, per Statement of Income and Expense - - - - -		5,355,061	6,132,444
Balance at end of the year - - - - -		<u>40,325,584</u>	<u>34,970,523</u>
		<u>82,640,513</u>	<u>80,889,874</u>
		<u>94,062,332</u>	<u>86,232,106</u>

the financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 14, 1971 to the Acting Minister of Communications.

GEORGE LONG
for Auditor General of Canada.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1971

(with comparative figures for the year ended march 31, 1970)

Income —		1971	1970
Telegraph, telephone, telex, circuit rentals, satellite, etc.		\$33,582,193	\$33,155,108
Expense —			
Operating salaries and wages - - - - -		5,540,724	5,037,675
Administrative salaries - - - - -		2,079,065	1,791,209
Employee benefits - - - - -		568,269	474,711
Depreciation - - - - -		6,426,700	7,255,017
Rental of circuits, etc. - - - - -		5,994,714	4,209,618
Maintenance and repairs — plant and equipment - -		3,160,380	2,495,132
Interest - - - - -		2,277,301	2,457,920
Other operating and administrative expense - - - -		1,147,185	880,662
		<u>27,194,338</u>	<u>24,601,944</u>
Deduct :			
Estimated amount recoverable from Commonwealth Network — excess of applicable expenditures over Corporation's share of total Commonwealth Network expense - - - - -		3,400,000	3,275,000
Portion of expense capitalized- - - - -		1,221,206	774,280
		<u>4,621,206</u>	<u>4,049,280</u>
		<u>22,573,132</u>	<u>20,552,664</u>
		11,009,061	12,602,444
Provision for income tax (Note 3) - - - - -		5,654,000	6,470,000
Net Income - - - - -		<u>5,355,061</u>	<u>6,132,444</u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1971

1. The amounts recoverable from Commonwealth Network have been finalized to March 31, 1962, with the recoveries of the succeeding years being reflected on an estimated basis.
2. As at March 31, 1971, the estimated cost of completing capital projects, as approved by Order in Council P.C. 1971-368 of February 25, 1971, amounted to approximately \$66,500,000 of which \$21,500,000 relates to the year ending March 31, 1972.
3. The Corporation records depreciation in its accounts based on the expected useful life of its capital assets but, in calculating its liability for income tax, claims the maximum capital cost allowance permitted under the Income Tax Act. The deferred income tax account is credited with the income tax payable on the excess of capital cost allowance over depreciation and is charged when the converse prevails.
4. The advances from Canada are repayable in semi-annual instalments over varying periods in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1971 totalled \$3,604,422 and instalments falling due for repayment in the ensuing year aggregate \$2,303,777.
5. Included in the expense for 1970-71 are : remuneration of executive officers, \$174,966; and directors' fees, \$2,000.

AUDITOR'S REPORT

Ottawa, June 14, 1971.

THE HONOURABLE GÉRARD PELLETIER,
ACTING MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1971. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In compliance with the requirements of section 87 of the Financial Administration Act, I report that, in my opinion :

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

GEORGE LONG
for Auditor General of Canada.

STATIONS



Keawaula Station, situated 45 miles from the city of Honolulu, was built in 1962 and serves as a cable relay station for the Commonwealth Pacific Cable System (COMPAC) operating between Canada, New Zealand and Australia. It also serves as the interconnecting point for traffic with non-Commonwealth Pacific areas.



Port Alberni Station was built in 1958 as a Telegraph Repeater Station. In 1962 the building was extended to serve as terminal for the Commonwealth Pacific Cable System (COMPAC).



Vancouver building, opened in 1956, serves as the terminal for our West Coast operations. The facilities provided include telephone and telex switching centres. The Corporation's sales and marketing offices for the Western area are also located in the building.

STATIONS



Corner Brook Station, Newfoundland, opened in 1959, serves as terminal for the Canada-Britain Cable System (CANTAT) and for the Canada-Greenland-Iceland Cable System (ICECAN).



Drummondville Transmitting Station in Quebec, initially brought into service in 1926 by the Canadian Marconi Company and transferred to C.O.T.C. in 1950, is located within Drummondville South. Together with the Receiving Station at Yamachiche, it provides all of the HF Radio services operated by the Corporation at this time.



The Earth Station at Mill Village, N.S., was built in 1965 for the Department of Transport as an experimental station and by agreement has been used by the Corporation for commercial operations since June 1966. The building was extended and a second antenna was built by C.O.T.C. in 1969. Both antennas are operating to INTELSAT Satellites positioned over the Atlantic Ocean. The station also serves as the terminal for the Canada-Bermuda Cable System (CANBER) which was brought into operation in May 1971.

OFFICERS

FINANCE

R. E. CLOUTIER, B.COM., C.A.
Executive Assistant

R. H. Z'GRAGGEN, B.COM., C.A.
Comptroller

A. D. HAWKINS
Manager, Personnel

G. C. BAXTER
Purchasing Agent

SECRETARY, TARIFFS AND TRAFFIC

N. T. BYRNE, R.I.A.
Executive Assistant

F. A. MATTHEWS
Executive Assistant

R. E. GREVILLE
Property Manager

ENGINEERING AND OPERATIONS

D. V. DORAN-VEEVERS, ENG.
Executive Assistant

J. S. CRISPIN, ENG.
Chief Engineer, Engineering

V. O'HAGAN
Chief, Operations

B. D. READ
Area Manager, Western Area

J. J. VIENNEAU, B.Sc.
Area Manager, Eastern Area

L. P. CRAKANTHORP
Superintendent of Operations

COMMERCIAL DIVISION

M. A. CARON
Manager

BRANCH OFFICES

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St. John's, Nfld.

Halifax, N.S.

Mill Village, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Port Alberni, B.C.

Keawaula, Hawaii

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22nd Annual Report

FOR THE YEAR ENDED MARCH 31, 1972

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION



CALC
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Government
Publications

"THE WORLD AT YOUR CALL"



CABLEGRAMS • TELEPHONE • INTERNATIONAL TELEX
PHOTO-TELEGRAMS • LEASED CIRCUITS

BOARD OF DIRECTORS



R. G. LEFRANÇOIS
President.
Nordair Limited,
Montreal, Que.



J. C. DELORME
Chairman



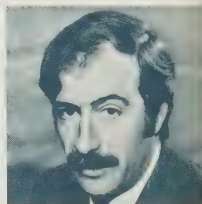
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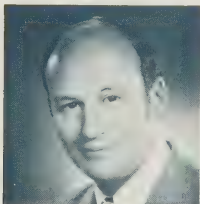


DE MONTIGNY MARCHAND
Assistant Deputy Minister,
Operations,
Department of Communication
Ottawa, Ont.



W. S. PIPES
Vancouver, B.C.

MANAGEMENT



JEAN-CLAUDE DELORME
President and General Manager



GORDON M. WATERHOUSE, C.A.
Vice-President, Finance



ERNST ELIASSEN, M.Sc., Eng.
*Vice-President,
Engineering and Operations*



DONAT J. LÉVESQUE,
B.A., B.C.L., LL.M.
Secretary and General Counsel

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

625 BELMONT STREET, MONTREAL 101

THE PRESIDENT'S REPORT

June 20, 1972

THE HONOURABLE ROBERT STANBURY,
MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir:

This, our Twenty-Second Report, covering the fiscal year ended 31st March, 1972, is submitted on behalf of the Board of Directors.

FINANCIAL

The main items for the period under review, as well as those for the previous year, appear in the following summary:

	Year ended March 31 1972	Year ended March 31 1971	Increase (decrease) from 1971
Income	\$36,817,227	\$33,385,669	10%
Depreciation	7,035,555	6,426,700	9%
Interest on Government Advances	2,107,856	2,277,301	(7%)
Income Tax	6,300,000	5,560,072	13%
Net Profit for year	6,885,131	5,252,465*	31%

Financial Statements for the twelve months ended March 31st, 1972, submitted herewith, have been audited by the Auditor General and a copy of his report is included.

The following schedule illustrates the increases (decreases) in revenue realized by the major services provided by the Corporation:

Telegraph	(1.5%)
Telephone	31.1%
International Telex	11.5%
Leased Circuits	(16.0%)

*The Net Profit for the year ended March 31, 1971, has been restated from the previous figure of \$5,355,061 in accordance with Note 6 to the Financial Statements.

The adverse impact on the growth of revenues in the preceding year, as a result of reductions in telex and telephone rates has been offset, as anticipated, by a significant stimulation in traffic for these services, thereby contributing to an overall increase of income.

The net profit for the year shows an increase of 31% over the restated net profit of the preceding year; however, as indicated in our Annual Report for last year, the figures for 1970/71 were below the level which would have been achieved had it not been for the rate revisions referred to above and the additional satellite facility costs incurred initially in that year. When compared with the figures for 1969/70, the net profit for this year represents a less dramatic increase of 12% but does serve to indicate that we have re-established the trend which prevailed prior to 1970/71.

It should be noted that a further downward revision of rates for overseas services is presently under discussion in a number of international telecommunications forums. Any action of this nature in due course could be expected to have an influence on profits.

GENERAL

The year under review saw a continuation of the growth in overseas telecommunications and a corresponding increase in our revenues.

The computerized automatic telex switching equipment (COMTEX), located in the Montreal Terminal, was placed in service in August, 1971. After a settling down period this equipment has performed satisfactorily, and has enabled us to introduce subscriber-to-subscriber dialling through overseas telex networks, thereby eliminating the delays which were previously being encountered with the semi-automatic equipment. The increased capacity made possible the provision of a direct service to several additional countries, among them South Africa, Malaysia, Singapore, Hong Kong and Mexico. Automatic accounting procedures were simultaneously introduced and the semi-automatic switching facilities located in our Vancouver office were discontinued. The increase in revenue of 11.5% over the previous year reflects approximately six months of operation with the new equipment.

We have also recorded an increase of 31.1% in our revenue from the telephone service. International Subscriber Dialling was introduced into Canada from Belgium, Switzerland, Germany and Greece during the past year and negotiations are currently underway to provide a similar service from the United Kingdom.

A new telephone link between Canada and China was officially inaugurated on December 7th, 1971, following the earlier introduction of a telegraph service.

The telephone service between Canada and St. Pierre et Miquelon was upgraded, in March 1972, by the substitution of a full-time microwave link for the restricted service previously provided on HF radio. During the first month of operation of this new facility, the traffic showed a dramatic increase and negotiations are currently in progress to adjust the rates for this service to a level comparable to the North American rates.

The telegraph service revenue showed a slight decrease of 1.5%. This is generally in keeping with the long-term trend for this service as the utilization of telex and other services by the business community continues to increase.

An agreement was reached in January 1972 with Western Union International, Inc., giving the ANGLO/WUI customers in Canada and the United Kingdom access to the Corporation's computerized message switching system. Under this agreement, ANGLO/WUI (known in Canada as the Anglo-American Telegraph Company), closed its Montreal office and the Corporation took over the operating functions. The agreement provides for cablegrams from Canada for the United Kingdom and Ireland sent "via WUI" to continue to go directly into the WUI offices in those two countries, using Montreal-London circuits provided for that purpose. In the reverse direction, the same circuits are used to send cablegrams for Canada directly into the Corporation's switching system in Montreal.

Revenue from our leased circuit facilities continued the decline reported last year as the United States carriers maintained their program of transferring certain of their requirements, previously obtained from the Corporation, to a satellite routing. Furthermore, the renegotiation of charges for facilities used by American forces, explained in last year's Report, has had a further impact on our leased circuit revenues in 1971/72.

Previous reports have mentioned that our available cable capacity across both the Atlantic and the Pacific was completely occupied, resulting in increased utilization of commercial satellite facilities. In addition to general growth, several new satellite links were established in the past year, including direct operations to Jamaica, Venezuela, the Philippines, Panama, India and Yugoslavia.

THE PRESIDENT'S REPORT (CONTINUED)

The construction of our satellite earth station of Lake Cowichan on Vancouver Island is proceeding satisfactorily despite delays due to production and labour difficulties. The station is expected to be in service in September 1972, at which time the satellite circuits to Australia, Hong Kong, Japan and the Philippines, presently routed through the American earth station at Jamesburg, California, will operate through the Corporation's earth station.

Together with our Commonwealth Partners and the United States international carriers, we have also been exploring means of increasing the cable facilities across the Pacific.

On the Atlantic side, work is proceeding with respect to the construction of CANTAT 2, the new 1840-circuit cable which will be laid between Beaver Harbour, Nova Scotia and Cornwall, England. This new facility is expected to be brought into operation in the second quarter of 1974.

A Transatlantic Cable Conference was held in Eastbourne, England, in November 1971, between delegates from European countries, the United States and Canada, to plan the utilization of future trans-Atlantic submarine cable systems, and, in particular, the CANTAT 2 Cable, referred to above, and the projected U.S.A.-Europe SG 4000-circuit cable (TAT 6), which will land in France and is scheduled to be brought into operation in 1976. The tentative agreements reached at the Conference embody the principle of operational diversity and show substantial utilization of the CANTAT 2 circuits in this decade for traffic between the U.S.A. and Europe in addition to traffic to and from Canada. It is expected that firm agreements will be concluded during 1972 as soon as the Federal Communications Commission has disposed of the United States carriers' applications for authority to use CANTAT 2.

Our Twentieth annual report mentioned the availability of satellite communications in the Pacific area had made possible the closing down of our radio receiving and transmitting stations at Ladner and Cloverdale, B.C. We have since entered into negotiations with the Department of Communications concerning their acquiring the Cloverdale site and buildings and for the purchase by the Corporation of the site and facilities of the Mill Village No. 1 earth station in Nova Scotia which we have been operating commercially under a special agreement with that Department since 1964.

Several events of historical significance took place during the past year. On February 8th, 1972, the Canadian Telecommunications Carriers Association was formed with a membership of 23 telecommunications carrier organizations, including the Corporation. The purpose of the CTCA is to provide the framework for greater co-operation and an industry-wide approach to meet new objectives in today's rapidly changing telecommunications environment.

Our previous annual report mentioned that after some two years of negotiations, agreement had finally been reached on definitive arrangements for a global commercial communications satellite system. INTELSAT has been operating under interim arrangements since its establishment in 1964 during which time membership grew from 11 to 83 countries with satellites providing global coverage through 56 earth stations located in 42 countries. The definitive arrangements are contained in two agreements — one between governments and one between telecommunications organizations. These agreements were opened for signature in Washington on August 20th, 1971, and some 30 countries, including Canada, have since ratified and signed them. The Corporation, as the designated operating entity, signed the operating agreement. The permanent organization will come into being when the agreements are ratified and signed by two-thirds of the 83 member countries. In this connection, it is a special pleasure to record that Mr. E. Eliassen, Vice-President, Engineering and Operations, who is presently Vice-Chairman of the Interim Communications Satellite Committee, was recently elected Chairman of that Committee with effect from July 1st, 1972.

Satisfactory progress was achieved during the year on the development of Unified Accounting arrangements for the Commonwealth Telecommunications Organization. While some further detail work remains to be finalized, it is hoped that the Council will be in a position to make a recommendation to the Commonwealth Telecommunications Conference to be held in Ottawa during November 1972. The current target date for implementation of the new financial arrangements is April 1st, 1973.

The accelerated rate of development of international telecommunications necessitates very close and frequent co-ordination. This is effected in many forums, some of which have already been mentioned in this report. Two of the more important ones are the International Telegraph and Telephone Consultative Committee (CCITT) and the International Radio Consultative Committee (CCIR) of the International Telecommunications Union. In collaboration with the Department of Communications and other Canadian operating agencies, the Corporation plays an active role in the work of these Committees. In June-July 1971, the second World Administrative Radio Conference for Space Telecommunications and Radio Astronomy was held in Geneva and this Corporation was represented on the Canadian Delegation. One of the principle purposes of the Conference was the allocation of new frequency bands to the space and radio astronomy services. The CCITT will hold its Fifth Plenary Assembly in Geneva in December 1972.

The Corporation was also represented on the Canadian Delegation to the first Inter-American Telecommunications Conference held in Caracas in September 1971.

An in-depth review of the current organizational framework of the Corporation was undertaken in December 1971 with a view to ensuring that its responsibilities, present and future, are properly identified and effectively assumed so that the expansion of the Corporation may continue in harmony with the extremely rapid rate of growth of the field of telecommunications. Adjustments in the corporate structure were in the process of being defined at the close of the year with a view to implementing same as soon as possible thereafter.

APPOINTMENT

Mr. Donat J. Lévesque, B.A., B.C.L., LL.M., was appointed Secretary and General Counsel and joined the Corporation on February 1st, 1972.

ACKNOWLEDGMENTS

Mr. Douglas F. Bowie, Chairman of the Board, President and General Manager, retired on May 31st, 1971, after serving in that capacity from July 31st, 1951. On behalf of the Directors, Officers and Staff, I wish to express to Mr. Bowie our gratitude for the excellent leadership he gave the Corporation over his twenty-year tenure, a period during which the Corporation developed to its present high position in the world of international telecommunications.

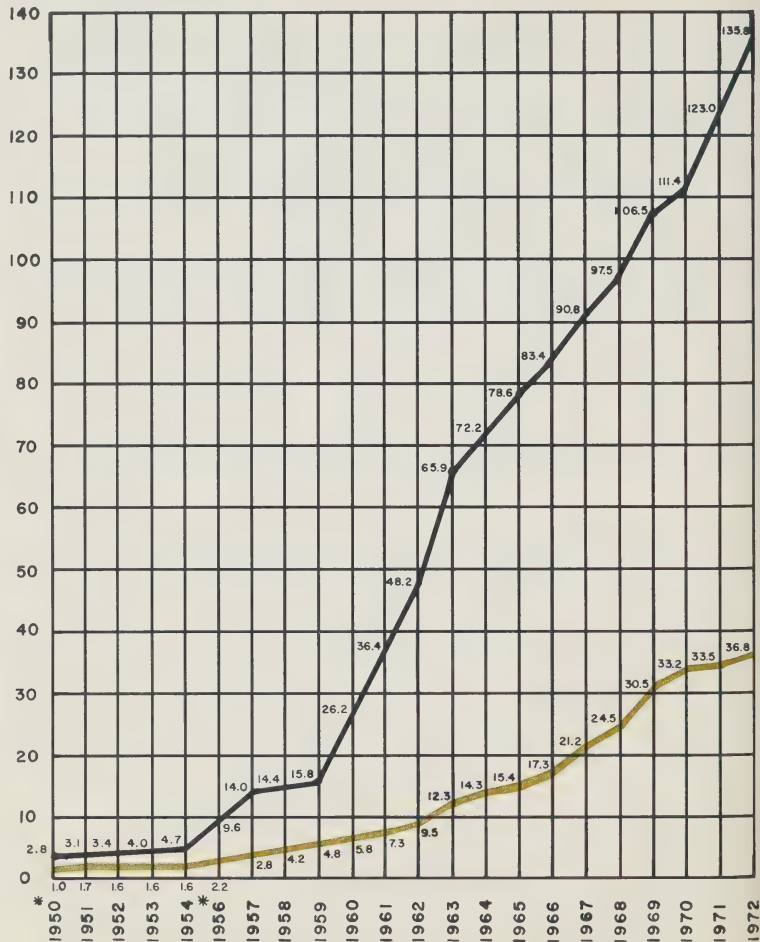
In this, my first Report, I also include a special expression of appreciation to all the Officers and Staff for their co-operation and excellent efforts during the past year.

President

D. Lévesque

CAPITAL INVESTMENT — ANNUAL REVENUE —

MILLIONS OF DOLLARS

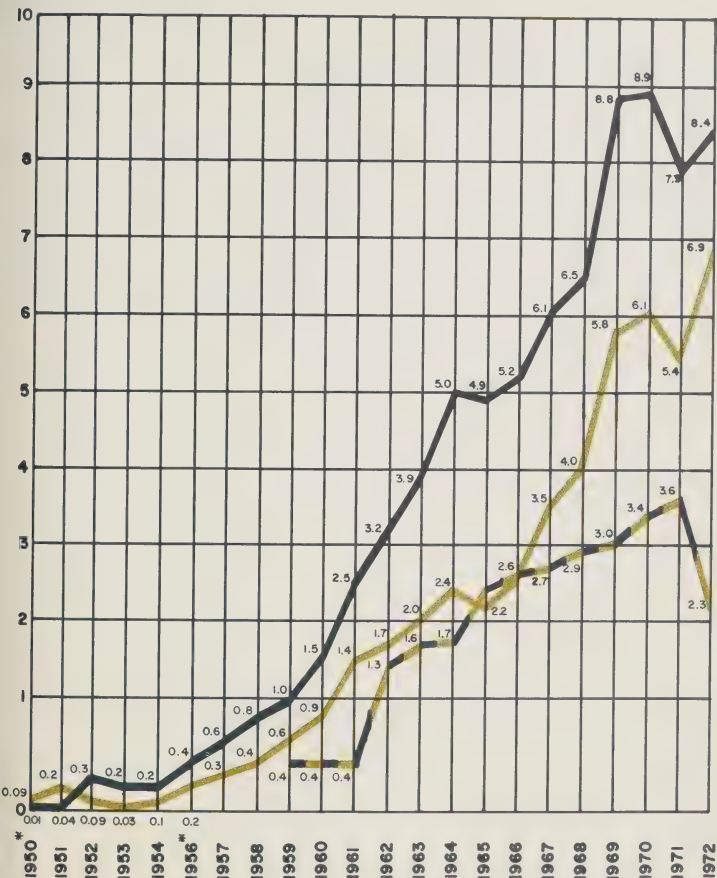


* 1950 = 9 MONTHS

* 1956 = 15 MONTHS

INTEREST CHARGES & INCOME TAX —
 REPAYMENT OF GOVERNMENT ADVANCES —
 NET PROFIT —

MILLIONS OF DOLLARS



* 1950 = 9 MONTHS

* 1956 = 15 MONTHS

CANADIAN OVERSEAS TELEVISION

(ESTABLISHED BY THE CANADIAN OVERSEAS TELEVISION ACT)

BALANCE SHEET

(with comparative figures)

ASSETS		1972	1971
Current:			
Cash	\$	1,288,785	\$ 717,481
Short-term deposits		9,000,000	11,069,125
Accounts receivable		9,160,961	8,797,812
Estimated amount recoverable from Commonwealth Network (Note 1)		402,733	(3,213,707)
Prepaid expense		167,650	131,622
		<u>20,020,129</u>	<u>17,502,333</u>
Capital Assets, at cost: (Notes 2 and 3)			
Land, with improvements		1,345,648	1,236,263
Buildings		10,506,419	9,313,822
Cable systems		67,018,201	62,185,567
International satellite system (Space segment)		10,447,519	10,100,283
Transmitters, receivers and other technical equipment		45,702,908	39,502,839
Office furniture and equipment		772,259	640,776
		<u>135,792,954</u>	<u>122,979,550</u>
Less: Accumulated depreciation		54,489,620	49,633,258
		<u>81,303,334</u>	<u>73,346,292</u>
		<u>\$101,323,463</u>	<u>\$ 90,848,625</u>

The accompanying notes are an integral part of these financial statements.

Certified Correct: JEAN-CLAUDE DELORME
President and General Manager

Approved: GILLIS PURCELL
Director
FRANÇOIS MERCIER
Director

UNICATION CORPORATION

MMUNICATION CORPORATION ACT)

MARCH 31, 1972

arch 31, 1971)

LIABILITIES		
	1972	1971
Current:		
Accounts payable	\$ 9,083,305	\$ 6,272,380
Income and other taxes	901,718	(1,646,043)
	<u>9,985,023</u>	<u>4,626,337</u>
Deferred income tax (Note 4)	4,502,535	3,967,737
Proprietary Equity of Canada:		
Advances under section 14 of the Act (Note 5)	<u>40,011,152</u>	<u>42,314,929</u>
Retained earnings:		
Balance at beginning of year		
As previously reported	40,325,584	34,970,523
Adjustment of prior years' telegraph, telephone and telex revenue (Note 6)	385,962	283,366
As restated	<u>39,939,622</u>	<u>34,687,157</u>
Net income for the year, per Statement of Income and Expense	6,885,131	5,252,465
Balance at end of year	<u>46,824,753</u>	<u>39,939,622</u>
	<u>86,835,905</u>	<u>82,254,551</u>
	<u>\$101,323,463</u>	<u>\$ 90,848,625</u>

of the financial statements.

I have examined the above Balance Sheet and the related Statement of Income and Expense and have reported thereon under date of June 16, 1972 to the Minister of Communications.

A. M. HENDERSON
Auditor General of Canada

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1972

(with comparative figures for the year ended March 31, 1971)

Income —	1972	1971
Telegraph, telephone, telex, circuit rentals, satellite, etc.	\$36,817,227	\$33,385,669
Expense —		
Operating salaries and wages	5,934,053	5,540,724
Administrative salaries	2,494,897	2,079,065
Employees' benefits	654,732	568,269
Depreciation (Note 3)	7,035,555	6,426,700
Rental of circuits, etc.	6,516,584	5,994,714
Maintenance and repairs — plant and equipment	2,663,720	3,160,380
Interest	2,107,856	2,277,301
Other operating and administrative expense	1,342,596	1,147,185
	<u>28,749,993</u>	<u>27,194,338</u>
Deduct:		
Estimated amount recoverable from Commonwealth Network — excess of applicable expenditures over Corporation's share of total Commonwealth Network expense	4,100,000	3,400,000
Portion of expense capitalized	1,017,897	1,221,206
	<u>5,117,897</u>	<u>4,621,206</u>
	<u>23,632,096</u>	<u>22,573,132</u>
	<u>13,185,131</u>	<u>10,812,537</u>
Current income tax	5,671,274	4,090,951
Deferred income tax (Note 4)	628,726	1,469,121
	<u>6,300,000</u>	<u>5,560,072</u>
Net income	<u>\$ 6,885,131</u>	<u>\$ 5,252,465</u>

The accompanying notes are an integral part of the financial statements.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1972

1. The amounts recoverable from Commonwealth Network have been finalized to March 31, 1964 with the recoveries of the succeeding years being reflected on an estimated basis.
2. As at March 31, 1972, the estimated cost of completing capital projects, as approved by the Governor in Council, amounted to approximately \$74,100,000 of which \$38,400,000 relates to the year ending March 31, 1973.
3. Depreciation has been recorded on a basis to amortize the cost of capital assets over their estimated useful life and includes, in 1971-72, additional charges of \$520,000 to reflect an adjustment to the estimated useful life of certain equipment.
4. In calculating its liability for income tax the Corporation claims the maximum capital cost allowance permitted under the Income Tax Act. Where the capital cost allowance exceeds depreciation the deferred income tax account is credited with the income tax payable on the excess and is charged when the converse prevails.
For the year ended March 31, 1971, the Corporation claimed for income tax purposes capital cost allowance on assets under construction with the result that an additional \$1,307,477 was credited to deferred income tax for that year and last year's comparative figures have been adjusted accordingly.
5. The advances from Canada bear interest at rates from $3\frac{1}{2}\%$ to $6\frac{3}{4}\%$ and are repayable in semi-annual instalments over varying periods extending to 1998, in accordance with the terms and conditions laid down by the Governor in Council. Repayments in 1971-72 totalled \$2,303,777 and instalments falling due for repayment in 1972-73 aggregate \$2,418,298.
6. As a result of the devaluation of Sterling currency in 1967, it was agreed between the Partners in the Commonwealth Network that terminal charges for telegraph, telex and telephone traffic would be adjusted retroactively in terms of sterling to provide Partners the same amount in local currency as before devaluation. This agreement required the Corporation during the year to make a payment of \$739,852 to Commonwealth Partners for the period from December 1, 1967 to December 31, 1970. Accordingly the balance of retained earnings at March 31, 1971 has been restated from amounts previously reported to reflect the retroactive payment of \$739,852 and a consequential reduction in income tax payable of \$353,890 for a net adjustment of \$385,962. Of this amount \$102,596 is applicable to 1970-71 and has been so reflected in the comparative income figures of that year. The remaining \$283,366 is applicable to years prior to April 1, 1970 and has been charged to retained earnings at that date.
7. Expense for 1971-72 includes remuneration of six directors as directors, \$2,900, and remuneration of five officers as officers, \$205,950. One officer is also a director.

AUDITOR'S REPORT

Ottawa, June 16, 1972.

THE HONOURABLE ROBERT STANBURY,
MINISTER OF COMMUNICATIONS,
OTTAWA.

Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1972. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

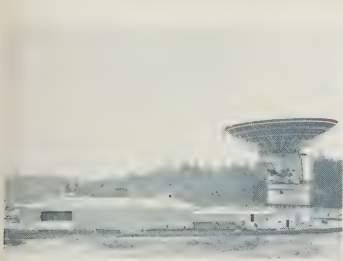
In compliance with the requirements of section 77 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A. M. HENDERSON
Auditor General of Canada

STATIONS



The West Coast earth station, now under construction is located at Lake Cowichan, B.C. It is due to be completed and in operation in September 1972. The Earth Station will be operating with the Pacific INTELSAT IV Satellite to Australia, Hong Kong, Philippines and Japan.



COMTEX, the Montreal computer-controlled Telex equipment, provides Canadian Telex and TWX subscribers with direct dialing access to countries around the world. The equipment was placed in service in August 1971.



The Grosses Roches, Quebec, cable station. Located on the shores of Saint Lawrence River the station is the Western terminal of the Canada-UK CANTAT cable which was commissioned in December 1961. From this point, the cable circuits are extended to Montreal over microwave facilities.

FOR THE YEAR ENDED MARCH 31, 1972

OFFICERS

FINANCE

R. E. CLOUTIER, B.Com., C.A.
Executive Assistant

R. H. Z'GRAGGEN, B.Com., C.A.
Comptroller

G. FAUCHER, B.A.
Manager, Personnel

G. C. BAXTER
Purchasing Agent

SECRETARY, TARIFFS AND TRAFFIC

N. T. BYRNE, R.I.A.
Assistant Vice-President

F. A. MATTHEWS
Executive Assistant

R. E. GREVILLE
Property Manager

ENGINEERING AND OPERATIONS

M. J. PERRAS
Executive Assistant

D. V. DORAN-VEEVERS, Eng.
Assistant Vice-President, Operations

J. S. CRISPIN, Eng.
Assistant Vice-President & Chief Engineer

V. O'HAGAN
Chief, Operations

B. D. READ
Area Manager, Western Area

J. J. VIENNEAU, B.Sc.
Area Manager, Eastern Area

E. A. PEARCE
Superintendent of Operations

COMMERCIAL DIVISION

M. A. CARON
Manager

BRANCH OFFICES

Corner Brook, Nfld.

St. John's, Nfld.

Halifax, N.S.

Mill Village, N.S.

Grosses Roches, Que.

Yamachiche, Que.

Drummondville, Que.

Toronto, Ont.

Winnipeg, Man.

Vancouver, B.C.

Port Alberni, B.C.

Lake Cowichan, B.C.

Keawaula, Hawaii

POUR L'ANNÉE SE TERMINANT LE 31 MARS, 1972

OFFICIERS

FINANCE

R.E. CLOUTIER, B.Sc.Com., C.A.
Adjoint administratif

R.H. ZGRAGGEN, B.Sc., Com., C.A.
Contrôleur

SECRÉTAIRE, TARIFS ET CIRCULATION

N.T. BYRNE, R.I.A.
Vice-Président adjoint

F.A. MATTHEWS
Adjoint administratif

INGÉNIEURIE ET EXPLOITATION

M.J. PERRAS
Adjoint administratif

D.V. DORAN-VEEVERS, Ing.
Vice-Président adjoint, exploitation

J.S. CRISPIN, Ing.
Vice-Président adjoint et ingénieur en chef

V. O'HAGAN
Chef de l'exploitation

DIVISION COMMERCIALE

M. A. CARON
Directeur

SUCCHSALES

Corner Brook, T.-N.

St. John's, T.-N.

Halifax, N.-É.

Mill Village, N.-É.

Grosses Roches, Qué.

Yamachiche, Qué.

Drummondville, Qué.
Toronto, Ont.
Winnipeg, Man.
Vancouver, C.-B.
Port Alberni, C.-B.
Lake Cowichan, C.-B.
Keewaula, Hawaii

G. FAUCHER, B.A.
Directeur du personnel
G.C. BAXTER
Acheteur

R.E. GREVILLE
Gérant des biens-fonds

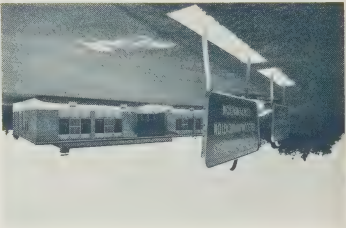
B.D. READ
Directeur régional, section Ouest
J.J. VIENNEAU, B.Sc.
Directeur régional, section Est
E.A. PEARCE
Surintendant de l'exploitation



La station terrienne de la Côte ouest, actuellement en construction, est située à Lake Cowichan (C.-B.). Son achèvement et sa mise en service sont prévus pour septembre 1972. Elle communiquera par le satellite INTELSAT IV de la zone du Pacifique, avec l'Australie, Hong Kong, les Philippines et le Japon.



A Montréal, COMTEX, équipement télex commandé par ordinateur, assure aux abonnés Télétel et TWX canadiens, un accès automatique direct aux autres pays du monde. Il a été mis en service en août 1971.



La station terminale de Groses Roches, au Québec, sur les bords du St-Laurent, abrite l'extrémité ouest du câble CANTAT Canada-R.-U., inauguré officiellement en décembre 1961. Les circuits se prolongent ensuite jusqu'à Montréal, sur installations à hyperfréquences.

L'HONORABLE ROBERT STANBURY,
MINISTRE DES COMMUNICATIONS,
OTTAWA.

Monsieur,

J'ai examiné les comptes et les états financiers de la Société canadienne des télécommunications transmises pour l'année terminée le 31 mars 1972. Cet examen a comporté une revue générale des méthodes comptables et les sondages des livres et autres pièces justificatives que j'ai jugés nécessaires dans les circonstances.

En conformité des dispositions de l'article 77 de la Loi sur l'administration financière, je fais rapport qu'à mon avis:

- (a) la société a tenu des livres de comptabilité appropriés;
- (b) les états financiers de la société
- (i) ont été préparés sur une base compatible avec celle de l'année précédente et sont en accord avec les livres de comptabilité,
- (ii) dans le cas du bilan, donnent un aperçu juste et fidèle de l'état des affaires de la société à la fin de l'année financière, et
- (iii) dans le cas du relevé des revenus et des dépenses donnent un aperçu juste et fidèle des revenus et des dépenses de la société pour l'année financière; et,
- (c) les opérations de la société venues à ma connaissance étaient de la compétence de la société aux termes de la présente loi et de toute autre loi pouvant s'appliquer à la société.

Veuillez agréer, monsieur le Ministre, l'assurance de ma haute considération.

A. M. HENDERSON
L'Auditeur général du Canada

Ottawa, le 16 juin 1972

1. Les sommes recouvrables du réseau du Commonwealth ont fait l'objet d'une mise au point définitive jusqu'au 31 mars 1964 et celles recouvrables les années suivantes sont reflétées aux livres sur une base estimative.
2. Au 31 mars 1972, le coût estimatif de l'achèvement de projets immobiliers approuvés par le Gouvernement en conseil, s'élevait à environ \$74,100,000, dont \$38,400,000 se rapportant à l'année financière prenant fin le 31 mars 1973.
3. La dépréciation inscrite aux livres de la Société, est basée sur l'amortissement du coût des actifs immobilisés pendant leur durée estimative d'utilisation et comporte, pour l'exercice financier écoulé, des frais supplémentaires de \$520,000, qui reflètent une rectification en ce qui a trait à la durée estimative d'utilisation de certains équipements.
4. En établissant son impôt sur le revenu, la Société réclame l'allocation du coût en capital maximale autorisée par la Loi de l'impôt sur le revenu. Lorsque l'allocation du coût en capital excède la dépréciation, le compte de l'impôt sur le revenu différé est crédité des impôts payables sur cet excédent, et débité dans le cas contraire. Pour l'année se terminant le 31 mars 1971, la Société a réclamar, aux fins de l'impôt sur le revenu, l'allocation du coût en capital sur les immobilisations en construction; en conséquence, l'impôt sur le revenu différé, pour cette année-là, a été crédité d'un montant supplémentaire de \$1,307,477 et les chiffres comparatifs de l'année dernière rectifiés en conséquence.
5. Les avances reçues du Canada produisent des intérêts à des taux allant de 3 1/2 % à 6 %, selon les modalités établies par le Gouvernement en conseil. Les remboursements effectués au cours de l'année financière écoulée se sont chiffrés à \$2,303,777 et ceux dus pour l'année financière prenant fin le 31 mars 1973 s'établiront à \$2,418,298.
6. A la suite de la dévaluation de la livre sterling en 1967, il a été convenu entre les associés du réseau du Commonwealth que les tarifs terminaux pour le trafic téléphonique, télégraphique et télex seraient ajustés rétroactivement par rapport à la livre sterling, afin d'assurer à chacun d'eux le même montant en monnaie locale qu'apparaissait. Aux termes de cette entente, la Société était tenue, au cours de l'année, d'effectuer un paiement de \$739,852 de \$739,852 qui résulte en une réduction de l'impôt sur le revenu de \$353,890, laissant à partir des montants précédemment rapportés, en vue de refléter le paiement rétroactif de \$739,852 qui résulte en une réduction de l'impôt sur le revenu de \$353,890, laissant à l'exercice financier 1970-71 et se reflètent dans les chiffres comparatifs de l'état des revenus et dépenses de l'année. Le solde, \$283,366, est imputable aux années antérieures au 1er avril 1970 et les bénéfices non répartis figurant à cette date, ont été débite de la somme correspondante.
7. Les frais d'exploitation pour l'année financière se terminant le 31 mars 1972 comprennent la rémunération globale de six administrateurs, en tant qu'administrateurs, soit \$2,900, et la rémunération globale de cinq membres de la direction, en tant que directeurs, soit \$205,950. L'un de ces derniers est administrateur.

PASSIF

Exigibilités:	1972	1971
Comptes à payer	\$ 9,083,305	\$ 6,272,380
Impôt sur le revenu et autres taxes	901,718	(1,646,043)
Impôt sur le revenu différé (Annotation 4)	9,985,023	4,626,337
Avoir propre du Canada:		
Avances en vertu de l'article 14 de la Loi (Annotation 5)	40,011,152	42,314,929
Bénéfices non répartis:		
Solde au début de l'exercice		
Tel que rapporté précédemment	40,325,584	34,970,523
Régularisation des revenus télégraphiques, téléphoniques et téléx des années précédentes (Annotation 6)	385,962	283,366
Après rectification	39,939,622	34,687,157
Bénéfices nets de l'exercice, suivant l'état des revenus et dépenses	6,885,131	5,252,465
Solde à la fin de l'exercice	46,824,753	39,939,622
	86,835,905	82,254,551
	\$101,323,463	\$ 90,848,625

en sont partie intégrante.

J'ai vérifié le bilan ci-dessus, ainsi que l'état des revenus et dépenses y afférent, et transmis mon rapport en date du 16 juin 1972 au Ministre des Communications.

A. M. HENDERSON

L'Auditeur général du Canada

LA SOCIÉTÉ CANADIENNE DES

(CONSTITUÉE PAR LA LOI SUR LA SOCIÉTÉ)

BILAN

(avec les chiffres de)

ACTIF

1972	1971
Disponibilités:	
Encaisse	\$ 717,481
Dépôts à court terme	9,000,000
Comptes à recevoir	9,160,961
Montant estimatif recouvrable du réseau du Commonwealth (Annotation 1)	402,733
Frais payés d'avance	167,650
	17,502,333
Immobilitisations, au prix coûtant (Annotations 2 et 3)	20,020,129
Terrains et améliorations	1,345,648
Bâtiments	10,506,419
Systèmes de câbles	67,018,201
Système à satellites international (Secteur spatial)	10,447,519
Emetteurs, récepteurs et autre équipement technique	45,702,908
Matériel et accessoires de bureau	772,259
	640,776
	122,979,550
Moins: Amortissement accumulé	135,792,954
	54,489,620
	73,346,292
	\$ 90,848,625

Les annotations jointes

Certifié exact: JEAN-CLAUDE DELORME
Président et gérant général

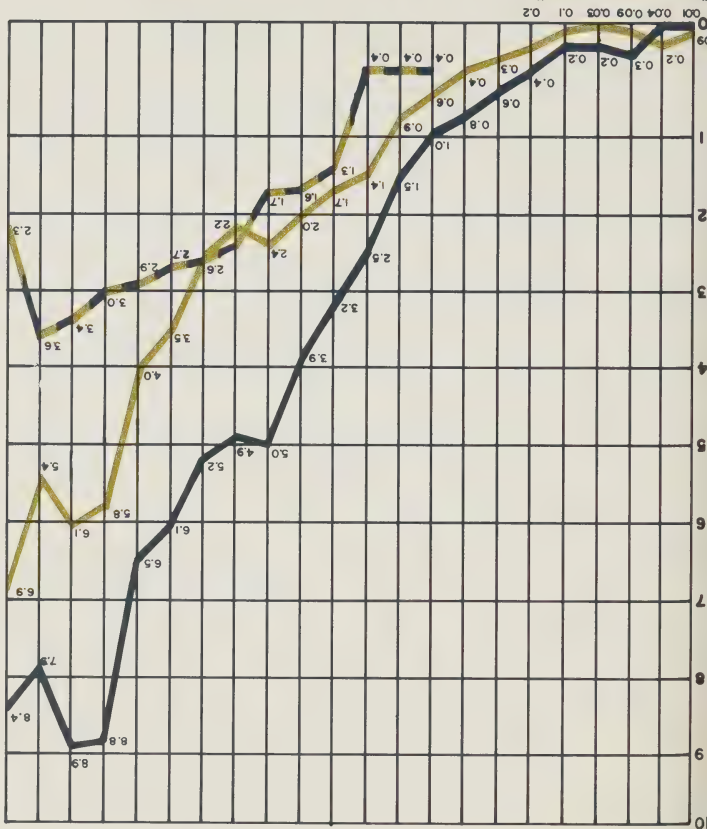
Approuvé: GILLIS PURCELL
Administrateur

FRANÇOIS MERCIER
Administrateur

FRAIS D'INTÉRÊTS ET IMPÔT SUR LE REVENU
REBOURSEMENT DES AVANCES GOUVERNEMENTALES

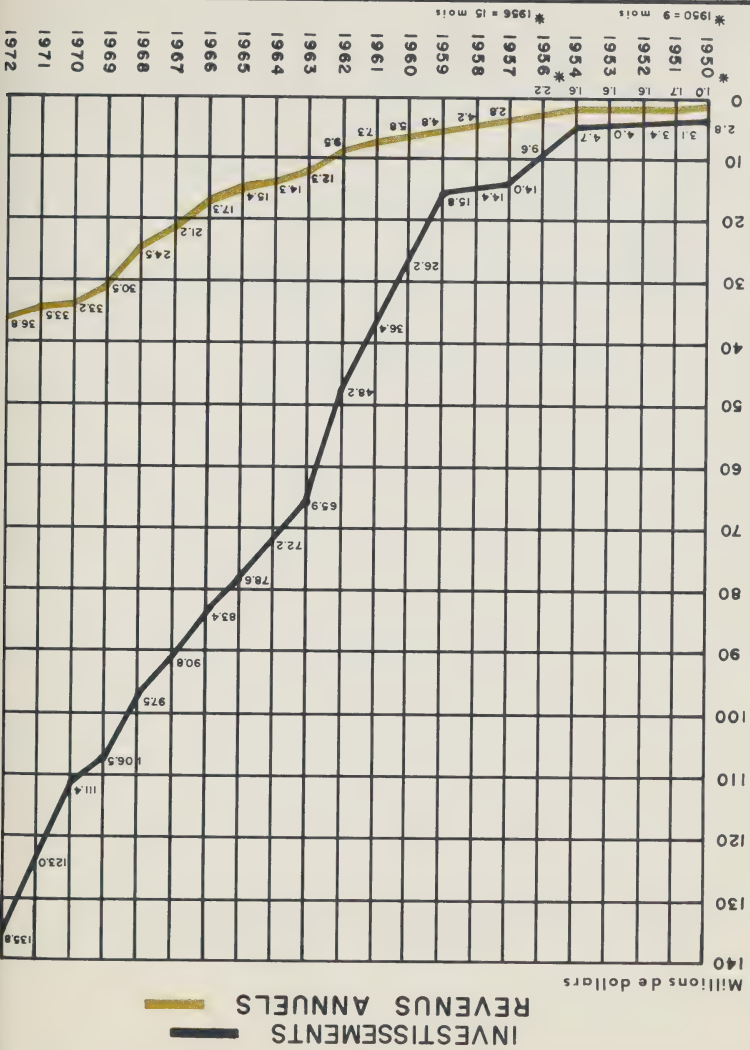
BÉNÉFICE NET

Millions de dollars



* 1950 = 9 mois
* 1956 = 15 mois

1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972



espère que le Conseil sera en mesure de formuler une recommandation, lors de la Conférence des télécommunications du Commonwealth, qui doit se tenir à Ottawa, en novembre 1972. Actuellement, la date arrêtée pour la mise en oeuvre des nouveaux arrangements financiers, est le 1er avril 1973.

Le rythme de développement accéléré des télécommunications internationales impose une coordination aussi étroite que fréquente. Elle s'effectue dans plusieurs tribunes, dont certaines ont déjà été citées dans ce rapport. Deux des plus importantes sont: le Comité consultatif international télégraphique et téléphonique (CCITT) et le Comité consultatif international des radiocommunications (CCIR) de l'Union internationale des télécommunications. En collaboration avec le Ministère des Communications et les autres entreprises exploitantes, la Société joue un rôle actif dans les travaux des comités. En juin-juillet 1971, a eu lieu à Genève, la seconde Conférence administrative mondiale des télécommunications spatiales et de la radioastronomie. La Société était représentée dans la délégation canadienne. L'un des principaux objectifs de cette Conférence a consisté en la répartition de nouvelles bandes de fréquences entre les services spatiaux et les services de radioastronomie. En décembre 1972, le CCITT tiendra à Genève, sa cinquatrième assemblée plénière.

En septembre 1971, à Caracas, la Société faisait partie de la délégation canadienne, lors de la première Conférence inter-américaine des télécommunications.

En décembre 1971, la Société a entrepris une profonde réforme de structure. Elle veut ainsi s'assurer que ses responsabilités, présentes et futures, sont clairement établies et efficacement assumées, afin que son expansion continue à aller de pair avec celle, extrêmement rapide, du secteur des télécommunications. A la clôture de l'année financière, les changements apportés dans l'organisation de la Société devaient être définis sous peu, afin que leur mise en oeuvre puisse intervenir dès que possible.

NOMINATION

M. Donat J. Lévesque, B.A., B.C.L., LL.M., a été nommé Secrétaire et conseiller juridique. Il est entré en fonction le 1er février 1972.

REMERCIEMENTS

M. Douglas F. Bowie, président du Conseil d'administration, président et gérant de la Société, a pris sa retraite le 31 mai 1971, après avoir rempli les fonctions précitées depuis le 31 juillet 1951. Au nom des administrateurs, des dirigeants et des autres membres du personnel, je désire lui exprimer notre gratitude pour la remarquable maîtrise avec laquelle il a dirigé la Société pendant les vingt années de sa charge. C'est pendant cette période, en effet, qu'elle a atteint le degré d'expansion, grâce auquel elle occupe, aujourd'hui, une position enviable dans le monde des télécommunications internationales.

Je désire aussi exprimer dans ce rapport, le premier que je présente, ma satisfaction pour la collaboration des dirigeants et des autres membres du personnel, ainsi que pour les notables efforts qu'ils ont consentis au cours de l'année écoulée.

Le Président,

A. Stacey

L'année écoulée a été caractérisée par une expansion continue des télécommunications trans-océaniques et une augmentation correspondante de nos revenus.

Le central téléx par ordinateur (COMTEX) de la station terminale de Montréal, a été mis en service en août 1971. Après une période de rodage, il a fonctionné d'une façon satisfaisante et nous avons permis d'inaugurer l'appel direct entre abonnés par nos réseaux téléx transocéaniques, éliminant ainsi les retards qui se produisaient auparavant avec l'équipement semi-automatique. La capacité étant accrue, il nous a alors été possible d'assurer un service direct avec plusieurs nouveaux pays, dont l'Afrique du Sud, la Malaisie, Singapour, Hong Kong et le Mexique. Simultanément, nous avons adopté les méthodes de comptabilité par ordinateur et abandonné les installations de commutation semi-automatiques de notre station de Vancouver. Quelque six mois d'exploitation avec le nouvel équipement se sont traduits par une augmentation de revenus de 11,5% par rapport à l'année précédente.

Dans le secteur téléphonique, nous avons également enregistré une hausse de 31,1%. Au cours de l'année écoulée, plusieurs pays européens: la Belgique, la Suisse, l'Allemagne et la Grèce, ont instauré le service automatique international avec le Canada. Des négociations sont actuellement en cours avec le Royaume-Uni en vue d'assurer le même service.

Le 7 décembre 1971, nous avons inauguré officiellement une nouvelle liaison téléphonique entre le Canada et la Chine, qui fait suite à l'établissement du service téléphonique en mars 1972, une liaison permanente par faisceau hertzien a remplacé le service par voie radiotélégraphique préexistant et ramené le trafic téléphonique entre le Canada et St-Pierre et Miquelon. Le premier mois de sa mise en service, la hausse a été spectaculaire. Des négociations sont actuellement en cours pour aligner les tarifs de ce circuit sur ceux de l'Amérique du Nord.

Les revenus du secteur télégraphique ont accusé un léger déclin de 1,5%. Le fait n'a rien de surprenant: il s'inscrit dans l'évolution que ce service subira à long terme, au fur et à mesure que le monde des affaires fera de plus en plus fréquemment appel au téléx et autres moyens de transmission. En janvier 1972, nous avons conclu une entente avec la "Western Union International Inc.", qui donne aux abonnés de l'"ANGLO/WUI" au Canada et dans le Royaume-Uni, accès au système de commutation par ordinateur de la Société. Aux termes de cette entente, l'"ANGLO/WUI" (connue au Canada sous la raison sociale "Anglo-American Telegraph Company") a fermé son bureau de Montréal et renonce à l'exploitation de ses services au profit de la Société. L'entente prévoit également que les cablogrammes envoyés du Canada dans le Royaume-Uni et en Irlande "via WUI", continueront à aller directement dans les bureaux que cette dernière possède dans ces deux pays, en utilisant les circuits Montréal-Londres prévus à cet effet. Dans le sens contraire, les mêmes circuits serviront à envoyer les cablogrammes à destination du Canada, directement dans le système de commutation de la Société, à Montréal.

La diminution des revenus provenant de nos circuits de location, dont il a été fait état pour l'année précédente, a persisté. Le fait est dû en premier lieu au maintien de la politique inaugurée par les entreprises exploitantes de télécommunications américaines, qui achèvent par les services commerciaux la révision des tarifs afférents aux installations utilisées par les forces armées des Etats-Unis, outre, la révision des tarifs afférents aux installations utilisées par les forces armées des Etats-Unis, que nous avons communiée dans notre dernier rapport annuel.

Dans des rapports antérieurs, nous avons déjà mentionné que nos câbles transatlantiques et trans-pacifiques fonctionnant à pleine capacité de charge, il fallait recourir plus fréquemment aux services commerciaux par satellites. A ce facteur d'augmentation du trafic, d'ordre général, est venu s'ajouter, au cours de l'année écoulée, l'établissement de plusieurs nouvelles liaisons par satellite, notamment de services directs avec la Jamaïque, le Venezuela, les Philippines, Panama, l'Inde et la Yougoslavie.

Le 20 juin 1972

L'HONORABLE ROBERT STANBURY,
MINISTRE DES COMMUNICATIONS,
OTTAWA.

Monsieur le Ministre,

Au nom du Conseil d'administration, j'ai l'honneur de vous présenter le vingt-deuxième rapport annuel de la Société, pour l'année financière se terminant le 31 mars 1972.

RAPPORT FINANCIER

Le tableau suivant récapitule les principaux postes pour la période considérée, ainsi que ceux de l'année précédente:

Revenus	1972	1971	Augmentation (diminution) par rapport à 1971
Dépréciation	\$36,817,227	\$33,385,669	10%
Intérêts sur avances gouvernementales	7,035,555	6,426,700	9%
Impôt sur le revenu	2,107,856	2,277,301	(7%)
Bénéfice net	6,885,131	5,252,465*	31%

Les états financiers pour les douze mois prenant fin le 31 mars 1972, ci-joints, ont été vérifiés par l'Auditeur général et incluent une copie de son rapport.

Le tableau suivant indique les augmentations (ou les diminutions) de revenus provenant des principaux services assurés par la Société:

Télégraphe	(1.5%)
Téléphone	31.1%
Télex international	11.5%
Location de circuits	(16.0%)

* Le bénéfice net de l'année se terminant le 31 mars 1971, a été recité à partir du montant de \$5,355,061, comme indiqué dans l'annulation 6 des états financiers.

L'année précédente, la réduction des tarifs téléphoniques et télex avait entraîné la progression des revenus. Ce facteur défavorable a été compensé, comme prévu, par un gonflement sensible du volume du trafic, qui a contribué à l'accroissement global des recettes.

Le bénéfice net pour l'année écoulée laisse apparaître une augmentation de 31% par rapport au bénéfice net recité de l'année précédente. Toutefois, comme le souligne notre dernier rapport annuel, les chiffres pour 1970-71 ont été inférieurs à ce qu'ils auraient dû être, en raison de la révision de tarifs mentionnée ci-dessus et des frais occasionnés, au début de l'année, par les installations à satellites. Lorsqu'on compare le bénéfice net de l'année écoulée avec celui de l'année financière 1969-70, on constate que l'augmentation est seulement de 12% et elle ne paraît pas aussi spectaculaire; elle n'en atteste pas moins que nous avons rétabli la tendance, qui prévalait avant l'année financière 1970-71.

Il convient de signaler ici que plusieurs organismes de télécommunications internationales discutent actuellement l'opportunité d'une réduction ultérieure des tarifs afférents aux services transocéaniques. On peut s'attendre à ce qu'une mesure de cet ordre ait, par la suite, une incidence sur les bénéfices.

LA SOCIÉTÉ CANADIENNE DES TÉLÉCOMMUNICATIONS TRANSMARINES

625 RUE BELMONT, MONTRÉAL 101



ERNST ELIASSEN, M.Sc., Ing.
Vice-Président,
ingénierie et exploitation



DONAT J. LÉVESQUE,
B.A., B.C.L., LL.M.
Secrétaire et Conseiller juridique



JEAN-CLAUDE DELORME
Président et
Gérant général



GORDON M. WATERHOUSE, C.A.
Vice-Président, finances

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R. G. LEFRANÇOIS

Président
Nordair Limitée
Montréal, Québec



E. BRAGG

Président
Bragg Lumber Company
Collingwood, Nouvelle-Ecosse



JEAN-CLAUDE DELORME
Président



GILLIS PURCELL
Toronto, Ontario



W. S. PIPES
Vancouver, C.-B.



F. MERCIER, C.R.
Stikeman Elliott Tamaki
Mercier & Robb
Montréal, Québec



DE MONTIGNY MARCHAND
Sous-ministre adjoint,
Opérations
Ministère des Communications
Ottawa, Ontario

CÂBLOGRAMMES • TÉLÉPHONE • TÉLEX INTERNATIONAL
PHOTO TÉLÉGRAMMES • LOCATION DE CIRCUITS



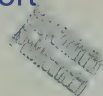
“THE WORLD AT YOUR CALL”

POUR L'ANNÉE SE TERMINANT LE 31 MARS, 1972

Rapport Annuel

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Canadian Overseas Telecommunication Corporation

625 Belmont, Montréal 101, Québec

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Stations and Offices

Corner Brook, Nfld
Deer Lake, Nfld
St. John's, Nfld
Beaver Harbour, N.S.
Halifax, N.S.
Mill Village, N.S.
Grosses Roches, Que.
Yamachiche, Que.
Drummondville, Que.
Toronto, Ont.
Winnipeg, Man.
Vancouver, B.C.
Port Alberni, B.C.
Lake Cowichan, B.C.
Keawaula, Hawaii, U.S.A.
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From left to right: **Donat-J. Lévesque**, Secretary and General Counsel; **E. Bragg**, President, Bragg Lumber Company, Collingwood, N.S.; **R.-G. Lefrançois**, President, Nordair Limited, Montréal, Qué.; **Jean-Claude Delorme**, Chairman; **Montigny Marchand**, Assistant Deputy Minister, Operations, Department of Communications, Ottawa, Ont.; **Mercier, Q.C.**, Stikeman, Elliott, Tamaki, Mercier & Robb, Montréal, Qué.; **Mrs. A. Tomlinson**, General Manager of Operations, Oxfam Trading Company, Toronto, Ont.

Mrs. Tomlinson was appointed a director on April 1, 1973 for a three-year period. She replaces Gillis Purcell of Toronto who resigned in July 1972 after having served as a director since March 1960.

General Management Group



Jean-Claude Delorme
President and
General Manager



E. Eliassen
Senior Vice-President



D.-J. Lévesque
Secretary and
General Counsel



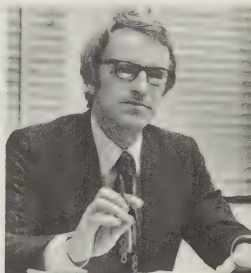
N.T. Byrne
Vice-President,
Marketing



J.S. Crispin
Vice-President,
Operations



D.V. Doran-Veevers
Director,
Special Projects



Normand Hébert
Director, Personnel



Yves Langlois
Director,
Financial Services



Hubert Potvin
Director,
Public Relations



Robert Séguin
Director,
Engineering Services



F.P. Urbanski
Director,
Management
Information Systems

President's Report

The Honourable Gérard Pelletier,
Minister of Communications,
Ottawa

Sir,

I am pleased to submit herewith, on behalf of the Board of Directors, the Corporation's Twenty-Third Report, covering the fiscal year ended March 31st, 1973.

Financial Position

The main items for the period under review are summarized as follows:

Income in 1972-73 reached \$44,471,089, compared to \$36,792,767 in 1971-72, an increase of 21%.

Depreciation rose by 20%, from \$7,035,555 in 1971-72 to \$8,442,150 in 1972-73.

Interest on Government Advances decreased by 5% from \$2,107,856 to \$1,993,335 and Income Tax increased by 30%, from \$6,300,000 to \$8,205,000.

The increase in net profit, from \$6,885,131 in 1971-72 to \$9,940,824 in 1972-73, reflects a very substantial overall increase in use of the Corporation's services, details of which are included in the relevant section of this Report.

Financial Statements for the twelve months ended March 31, 1973, submitted herewith, have been audited by the Auditor General of Canada and a copy of his report is included.

Services

The year under review saw a continuation of the growth in overseas telecommunications and a corresponding increase in revenues.

Telex

The Telex service revenues increased by 30.7%, and this is attributed to the use for the full twelve months of the computerized automatic telex switching equipment (COM-EX) placed in service in August 1971. Fully automatic service was opened to fifteen countries making such service now available to 50 of the 175 countries offering Telex service.

Telephone

Telephone revenues for 1972-73 increased by 28.1%. Business use of the overseas telephone service continues to grow, while social traffic for the period under review showed strong upward trend.

In 1971-72, Belgium, The Federal Republic of Germany, Switzerland and Greece introduced international subscriber dialling (ISD) to Canada and, as foreshadowed in last year's report, ISD from the United Kingdom to Canada was made available in August 1972. Negotiations are now proceeding with the French, Israeli and Japanese Administrations with the view to introducing this service from these three countries to Canada during the current year.

With respect to the direct telephone service with St. Pierre et Miquelon, established via microwave facilities in March 1972, subsequent negotiations have resulted in a reduction in the rates for this service compared to those in effect over the previous HF radio route.

Telegraph

Telegraph revenues increased by 16% over the previous year and this significant growth was influenced by the Corporation's taking over the operating functions in Canada of Western Union International (ANGLO/WUI). We anticipate that revenues from this source will show a lower increase in the coming year as this market tends to remain static due to the increased utilization of other services.

Leased Circuits

Leased circuit revenues decreased by 3.4% in 1972-73 as a result of cancellation of facilities leased to other telecommunication carriers. Leases in the private sector are increasing, however, due to expanding world-wide trade activities and a demand for more sophisticated communications, including private networks incorporating voice, data and telegraph facilities.

West Coast Earth Station

The Corporation's satellite earth station, located at Lake Cowichan, Vancouver Island, under construction for the past two years, was officially opened on September 26, 1972, by the then Minister of Communications, the Honourable Robert Stanbury. The satellite circuits to Australia, Hong Kong, Japan and the Philippines, previously routed via the American earth station at Jamesburg, California, are now operated through the Corporation's station. In July 1973, it is anticipated that direct telephone and telex circuits will be established via satellite with the People's Republic of China as the latter's new earth station has now been completed.

Pacific Area Developments

The Corporation and its Commonwealth Partners, along with the United States' international carriers, are continuing to explore means of increasing cable facilities across the Pacific in order to maintain a relative balance between satellite and cable circuits. The Commonwealth Pacific Cable (COMPAC) between Canada, New Zealand and Australia, via Hawaii and Fiji, is fully occupied and, as a result, the steady growth in traffic between Canada and the Pacific rim countries has been accommodated by setting up additional satellite circuits. In this respect, there has been a noticeable increase in business activities between Canada and countries of the Pacific region. As a matter of priority, the Corporation is developing plans to satisfy the growing telecommunications requirements anticipated as a result of expanding trade activities in all relations.

Transatlantic Cable

On the Atlantic side, the construction of CANTAT 2, the new 1840-circuit cable between Beaver Harbour, Nova Scotia and Widemouth Bay, England, is proceeding according to schedule. The Beaver Harbour Station was completed in the Spring and immediately thereafter installation of the cable terminal equipment commenced. Cable-laying operations, involving the burying of the cable across the Canadian continental shelf and the laying of the deep-water section, are scheduled for completion by December 1973. Rearward facilities, to extend the CANTAT 2 circuits across Canada, will also be available in time to meet the target date. The system is to be brought into operation in the second quarter of 1974.

During the current year, the Cables ship CCGS John Cabot will be undertaking a very complex operation off Canada's East Coast. The ship has been equipped with special machinery designed to pay out the CANTAT 2 cable continuously but, more particularly, to bury the cable across the continental shelf in the sea floor to a depth of approximately twelve inches by means of towing a cable-burying plow. A mini-submarine will be used for the back-filling operation, thus providing protection for the cable in this heavy commercial fishing area.

Satellite Operations on the East Coast

Arrangements were completed in 1972 with the Department of Communications for the sale of the Corporation's property at Cloverdale, British Columbia, and the purchase of Mill Village No. 1 earth station. This earth station has been operated commercially by the Corporation under a special agreement with the Department since 1964 and plans were initiated to up-date the station to meet the stringent technical standards now in use. This programme will involve the Corporation in capital expenditures over the next two years. The up-dated station will complement the Corporation's Mill Village No. 2 station, located on the same site.

A system entitled SPADE (Single channel, Pulse code modulation, Assignment on Demand Equipment) was installed at our No. 2 station in October 1972. This new development in satellite operations, which combines the concept of a digital transmission terminal together with a routing switch, will allow selection of far-end stations on demand for short periods of time where traffic volumes do not warrant the setting up of permanent circuits. The Corporation is participating in the field trials and early indications suggest that this equipment holds great promise for future operations.

New Gateway

The Corporation will open a new international gateway in Toronto, coincident with the completion of the CANTAT 2 cable, for the purpose of handling the heavy streams of traffic originating from and destined to the Ontario area.

Commonwealth Relations

As intimated in our report last year, a Commonwealth Telecommunications Conference was held in Ottawa during November 1972. The purpose of the Conference was threefold: firstly, to consider a recommendation from the Commonwealth Telecommunications Council—the operating body of the Commonwealth Telecommunications Organization—with respect to a unified accounting scheme and financial arrangements to supersede the several schemes in force, which have become complex in their application and inadequate in the light of technological developments and changing international traffic patterns and requirements; secondly, to study the evolving needs of Commonwealth Partners; and finally, to review the workings of the Commonwealth Organization since the previous Conference held in 1966.

The financial arrangements under review were based in the main on the concept of "wayleave" whereby the total costs of the Commonwealth network were apportioned between the Partners on the basis of revenue derived from traffic carried over the network—in other words, revenue-orientated arrangements. The recommended arrangements, on the other hand, embody the concept of the costs of each facility being recovered on the basis of the physical use of the facilities by each Partner—cost-orientated arrangements—which provide for the application of sound costing principles and a more refined basis for management decision-making, planning and control in the light of changing business practices and telecommunications technology.

Agreement was reached at the Conference with respect to the adoption of the recommended unified accounting scheme based on the cost-orientated concept, with effect from April 1, 1973, and Canada has signed the new Commonwealth Telecommunications Financial Agreement.

The Corporation, as a member of the Council, was a party to the above recommendation and participated actively at the Conference as a member of the Canadian Delegation.

The Corporation views its position under the new arrangements as being sound, allowing for the development of more sophisticated and realistic accounting on which to base its future planning.

International Telecommunications Satellite Organization (Intelsat)

In the previous report it was stated that agreement had been reached on the definitive arrangements for a global commercial communications satellite system, INTELSAT, and that the arrangements were contained in two agreements—one between governments and one between telecommunications organizations. These agreements were ratified on February 12, 1973 by 80 Signatories. The Corporation, as the designated operating entity for Canada, signed the operating agreement. Canada has the sixth largest investment share in the space segment.

The new structure of INTELSAT is composed of three main organs—Assembly of Parties, Meeting of Signatories and the Board of Governors, the latter having responsibility for the development, operation and maintenance of the space segment and management of the executive organization.

By December 31, 1976, the Board of Governors will appoint a Director General who will be the chief executive officer and legal representative and responsible to the Board for all management functions. Pending this action, the Board will appoint a Secretary General who will be responsible for the establishment and operation of management functions other than those provided under contract with the Board.

The Board of Governors held its first meeting in March 1973 and Mr. E. Eliassen, Senior Vice-President and our representative on the Board, was elected Chairman. Mr. Eliassen had previously served as Vice-Chairman and then Chairman of the Interim Communications Satellite Committee. The Corporation is also represented on the Board's Advisory Committees on Finance, Technical, Contract, Data and Patent Matters and the Special Committee on Long Range Planning.

The first commercial satellite of the INTELSAT series, "Early Bird", was launched on April 6, 1965. This has since been followed by INTELSAT II, III and IV series satellites, each incorporating the latest technological advances at the time of launching. These are all synchronous satellites rotating at the same speed as the earth and located above the equator at an altitude of approximately 22,300 miles. At the present time, satellites are located over the Atlantic, Pacific and Indian Ocean areas.

Participation in Telecommunications Forums

Representatives of the Corporation participated in many telecommunications forums—Commonwealth, international and national. These forums, to mention but a few, include the Commonwealth Cable Management Committee, the Commonwealth Telecommunications Council, the International Telecommunications Union, INTELSAT, the Canadian Telecommunications Carriers Association and many related committees and sub-committees. The activities, diversified and wide-ranging, cover all aspects of telecommunications in the technical, operational and financial fields.

Organization

The in-depth review of the Corporation's organizational framework, undertaken in late 1971, was completed. As an initial step aimed at ensuring that its responsibilities, present and future, could be carried out in the light of the extremely rapid growth in the field of telecommunications and the changing telecommunications environment with their attendant demands, a realignment of duties in several departments was implemented and four new departments were set up, namely, Marketing, Special Projects, Management Information Systems and Public Relations.

Appointments

As part of the organizational review, the under-noted appointments, which became effective in the latter part of 1972 were made in an effort to redistribute managerial responsibilities:

Mr. E. Eliassen, Senior Vice-President
Mr. N. T. Byrne, Vice-President, Marketing
Mr. J.S. Crispin, Vice-President, Operations
Mr. D. V. Doran-Veevers, Director, Special Projects
Mr. N. Hébert, Director, Personnel
Mr. Y. Langlois, Director, Financial Services
Mr. H. Potvin, Director, Public Relations
Mr. R. Séguin, Director, Engineering Services
Mr. F. P. Urbanski, Director, Management Information Systems.

Regrets

It is with deep regret that we record the death of Gordon M. Waterhouse, Vice-President and Treasurer, on February 8th last. Mr. Waterhouse served the Corporation in managerial positions for close to 20 years and was well known in the international telecommunications community, where he gained for himself, the Corporation and Canada, an enviable reputation.

Board of Directors

Mr. Gillis Purcell, of Toronto, a Member of the Board of Directors for a period of twelve years, retired in July 1972. We wish to record our appreciation of the valuable contribution made by Mr. Purcell during the time he served as a Director.

Acknowledgment

On behalf of the Board, and in my capacity as President, I wish to thank all the members of the staff for their continued cooperation and understanding during 1972 while the Corporation was undergoing such extensive organizational changes and bringing so many important projects to completion.

 —

President

Statement of Income and Expense

for the year ended March 31, 1973

(with comparative figures for the year ended March 31, 1972)

	1973	1972
Income:		
Telegraph, telephone, telex, circuit rentals, satellite, etc.	\$ 44,477,449	\$ 36,817,249
Expense:		
Operating salaries and wages	6,494,939	5,934,000
Administrative salaries	2,833,090	2,494,000
Employees' benefits	775,441	654,000
Depreciation (Note 1)	8,442,150	7,035,000
Rental of circuits, etc.	5,898,794	6,516,000
Maintenance and repairs—plant and equipment	2,916,728	2,663,000
Interest	1,993,335	2,107,000
Other operating and administrative expense	1,654,260	1,342,000
	31,008,737	28,749,000
Deduct:		
Estimated amount recoverable from Commonwealth Network— excess of applicable expenditures over Corporation's share of total Commonwealth Network expense	3,500,000	4,100,000
Portion of expense capitalized	1,177,112	1,017,000
	4,677,112	5,117,000
	26,331,625	23,632,000
Net income before taxes	18,145,824	13,185,000
Current income tax	7,205,000	5,000,000
Deferred income tax	1,000,000	1,300,000
	8,205,000	6,300,000
Net Income	\$ 9,940,824	\$ 6,885,000

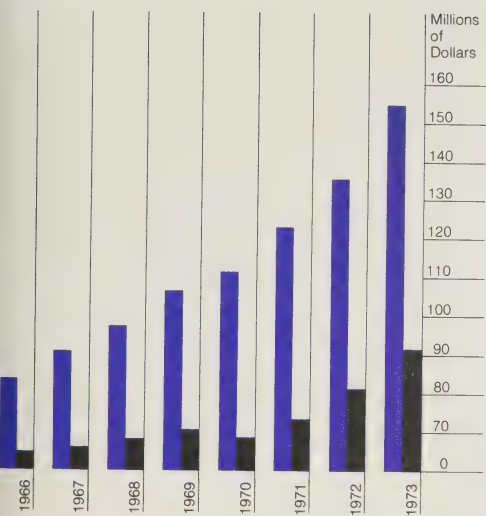
The accompanying notes are an integral part of the financial statements.

Notes to financial statements

For the year ended March 31, 1973

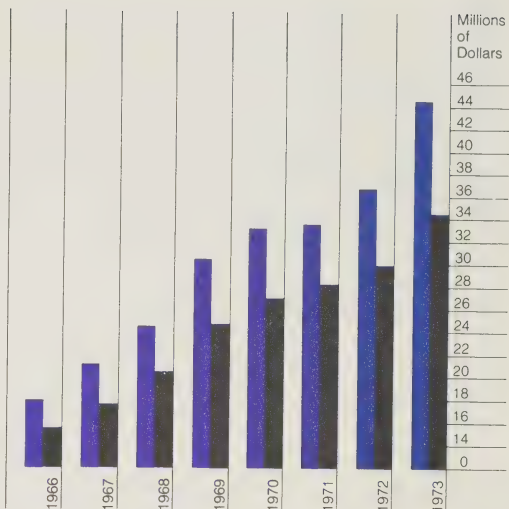
1. The capital assets of the Corporation have been reclassified with effect from April 1, 1972 under the unified accounting system adopted by the Commonwealth Network Partners, resulting in a charge for depreciation of \$8,442,150 for the year. Had the capital assets not been reclassified, the charge for depreciation would have been \$7,976,878.
2. As at March 31, 1973, the estimated cost of completing capital projects, as approved by the Governor in Council, amounted to approximately \$68,100,000 of which \$37,900,000 relates to the year ending March 31, 1974.

3. The amounts recoverable from the Commonwealth Network have been finalized to March 31, 1966, with recoveries of succeeding years being reflected on an estimated basis.
4. The advances from Canada bear interest at rates from 3½% to 6¼% and are repayable in semi-annual instalments over varying periods extending to 1998, in accordance with the terms and conditions laid down by the Governor in Council. The repayments during the year ended March 31, 1973 totalled \$2,418,298 and instalments falling due for repayment in 1973-74 aggregate \$2,538,712.
5. Included in expenses for 1972-73 is remuneration for six directors as directors, \$2,900, and for seven officers as officers, \$209,933. One officer is also a director.



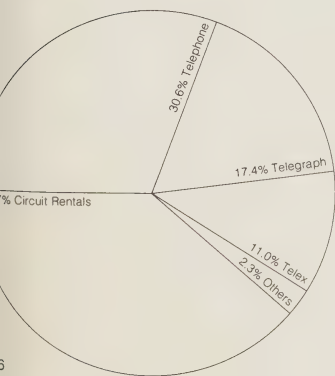
Fixed Assets

Depreciated Fixed Assets

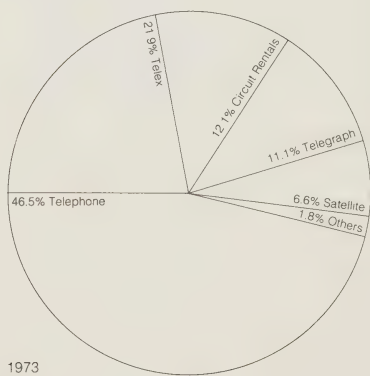


Revenue

Expenses



Distribution of revenues according to source



1973

Balance Sheet as at March 31, 1973

(with comparative figures as at March 31, 1972)

Canadian Overseas Telecommunication Corporation
(Established by the Canadian Overseas Telecommunications
Corporation Act)

Assets	1973	1972
Current:		
Cash	\$ 318,530	\$ 1,288
Short-term deposits	9,150,000	9,000
Accounts receivable	12,861,978	9,160
Prepaid expense	128,413	167
	22,458,921	19,617
Capital Assets, at cost: (Notes 1 & 2)		
Land and buildings	15,397,813	12,714
Cable systems and technical equipment	126,959,110	112,631
International satellite system (Space segment)	11,876,448	10,447
	154,233,371	135,792
Less:		
Accumulated depreciation	62,458,991	54,489
	91,774,380	81,303
	\$114,233,301	\$100,920

The accompanying notes are an integral part of the financial statements.

Certified Correct:

J.-C. Delorme

President and General Manager

J.-C. Delorme

Approved:

E. Bragg

Director

E. Bragg

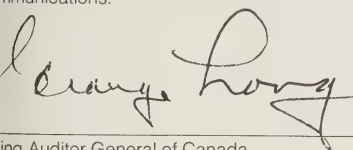
Roland-G. Lefrançois

Director

Roland-G. Lefrançois

liabilities	1973	1972
urrent:		
counts payable	\$ 11,236,785	\$ 9,083,305
imated amount due to Commonwealth network (Note 3)	2,213,283	(402,733)
ome and other taxes	104,495	230,444
	13,554,563	8,911,016
ferred income tax	6,320,307	5,173,809
roprietary Equity of Canada:		
ances under section 12 of the Act (Note 4)	37,592,854	40,011,152
ained earnings:		
ance at beginning of year	46,824,753	39,939,622
income for the year, per Statement of Income and Expense	9,940,824	6,885,131
ance at end of year	56,765,577	46,824,753
	94,358,431	86,835,905
	\$114,233,301	\$100,920,730

ave examined the above Balance Sheet and the related
statement of Income and Expense and have reported
thereon under date of June 11, 1973 to the Minister of
Communications.



ing Auditor General of Canada

George Long

Auditor General's Report

The Honourable Gérard Pelletier,
Minister of Communications,
Ottawa.

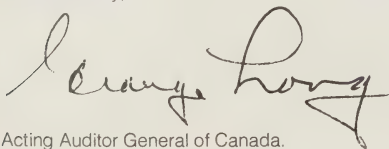
Sir,

I have examined the accounts and financial statements of the Canadian Overseas Telecommunication Corporation for the year ended March 31, 1973. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In compliance with the requirements of section 77 of the Financial Administration Act, I report that, in my opinion:

- (a) proper books of account have been kept by the Corporation;
- (b) the financial statements of the Corporation
 - (i) were prepared on a basis consistent with that of the preceding year and are in agreement with the books of account,
 - (ii) in the case of the balance sheet, give a true and fair view of the state of the Corporation's affairs as at the end of the financial year, and
 - (iii) in the case of the statement of income and expense, give a true and fair view of the income and expense of the Corporation for the financial year; and
- (c) the transactions of the Corporation that have come under my notice have been within the powers of the Corporation under the Financial Administration Act and any other Act applicable to the Corporation.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'George Long', written in a cursive style.

Acting Auditor General of Canada.

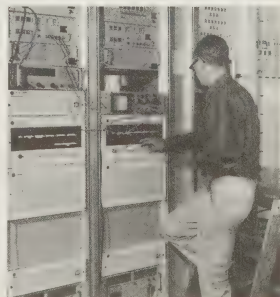
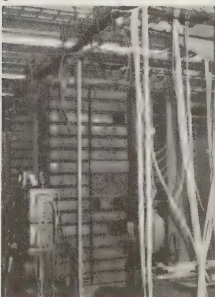
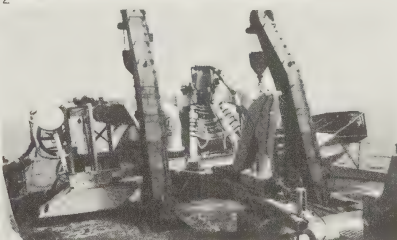
The Corporation's newest satellite earth station, located at Lake Cowichan on Vancouver Island, B.C., which was officially opened on September 26, 1972 to provide circuits to Australia, Hong Kong, Japan and the Philippines.

A mini-submarine built for COTC by International Hydrodynamics is tested before going into service. The mini-submarine is designed to bury the repeaters which are spaced every six miles along the 1840-circuit trans-atlantic cable, Cantat II.

A 16-ton underwater plow on the deck of the CCGS John Cabot. The plow is lowered and towed by the Cabot to bury the Canadian portion of Cantat II along the continental shelf.

Cable terminal equipment being installed at the recently constructed Beaver Harbour station in Nova Scotia in preparation for the inauguration of Cantat II in April 1974.

SPADE terminal equipment at Mill Village, N.S. This new development in satellite operations, which combines the concept of a digital transmission terminal together with a routing switch, will allow selection of far-end stations on demand for short periods of time where traffic volumes do not warrant the setting up of permanent circuits.



6 Messrs. Jean-Claude Delorme, President and General Manager, and William Rogers, U.S. Secretary of State, at the first INTELSAT Board of Governors meeting held in Washington in March 1973.

7 Mr. Ernst Eliasen, Senior Vice-President, was elected Chairman of the INTELSAT Board of Governors in March 1973. Mr. Eliasen has represented COTC on the Interim Communications Satellite Committee since 1965 and served as Vice-Chairman and Chairman.

8 Launching of the Canadian domestic satellite, Anik 1, at Cape Kennedy, Florida, on November 9, 1972.

9 COTC has reserved one transponder on the Canadian domestic satellite Anik 1.



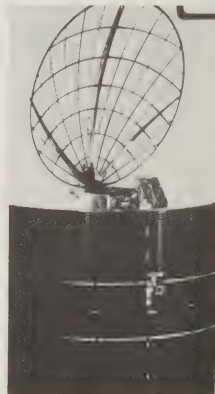
6



7



8



9

richt des Präsidenten

An den Ehrenwerten Gérard Pelletier
Minister für Nachrichtenwesen
Ottawa

Sehr geehrter Herr Minister!

Ich habe die Ehre, Ihnen hiermit im Namen des Vor-
ses den dreißigsten Bericht der Gesellschaft
das am 31. März 1973 endende Geschäftsjahr vorzu-
n.

Finanzlage

Die Hauptpunkte für das Berichtsjahr werden wie folgt
mmengefasst:

Die Einnahmen im Jahre 1972-73 beliefen sich auf
171.089, das bedeutet gegenüber dem Vergleichs-
um von 1971-72 mit Einnahmen in Höhe von
192.767 eine Erhöhung von 21 %.

Die Abschreibungen stiegen um 20 %, nämlich von
35.555 im Jahre 1971-72 auf \$8.442.150 im Jahre
-73.

Die Zinsen für Regierungsanleihen fielen um 5 %,
ich von \$2.107.856 auf \$1.993.335, und die Einkom-
steuer stieg um 30 %, nämlich von \$6.300.000 auf
\$5.000.

Die Erhöhung des Reingewinns von \$6.885.131 im
1971-72 auf \$9.940.824 im Jahre 1972-73 spiegelt
ganz erheblichen Gesamtanstieg in der Inanspruch-
ung der Dienstleistungen der Gesellschaft wider.

heiten darüber sind im entsprechenden Teil des vor-
nden Berichtes enthalten.

Die hiermit vorgelegten Vermögensaufstellungen für
am 31. März 1973 endenden zwölfmonatigen Zeitraum
vom Präsidenten der Rechnungskammer geprüft wor-
Eine Kopie seines Berichtes ist beigefügt.

Dienstleistungen

Im Laufe des Berichtsjahres konnte ein weiteres An-
ssen der überseeischen Fernmeldeverbindungen fest-
stellt werden sowie eine entsprechende Steigerung der
ahmen.

Fernschreibedienst

Die Einnahmen aus dem Fernschreibedienst stiegen
0,7 %, und zwar aufgrund der vollen zwölfmonatigen
anspruchnahme des Computerized Automatic Telex
ing Equipment (COMTEX) (dt. mit Computer arbei-
automatische Fernschreib-Schaltanlage), das
August 1971 in Betrieb genommen wurde. Ein vollautomati-
Dienst wurde zu fünfzehn Ländern aufgenommen, wo-
n solcher Dienst nunmehr zu 50 von den 175 Ländern
ich ist, die einen Fernschreibedienst anbieten.

Telefondienst

Die Einnahmen aus dem Telefondienst für 1972-73 stie-
um 28,1 %. Die Inanspruchnahme des überseeischen

Telefondienstes durch den Geschäftsverkehr nimmt immer
mehr zu, während auch die Nutzung für den Privatverkehr im
Berichtsjahr eine starke Aufwärtstendenz aufwies.

Im Jahre 1971-72 haben Belgien, die BRD, Schweiz-
und Griechenland das International Subscriber Dialling
(ISD) (dt.: Internationaler Selbstwähldienst) nach Kanada
eingeführt, und, wie schon im Jahresbericht des vorigen
Jahres angedeutet, im August 1972 wurde der ISD vom
Vereinigten Königreich aus nach Kanada eingerichtet. Es
werden nun Verhandlungen mit der französischen, israeli-
schen und japanischen Regierung geführt, um diesen Dienst
von diesen drei Ländern aus nach Kanada noch in diesem
Jahr einzuführen.

Bezüglich des Direktwähldienstes mit St. Pierre und
Miquelon, der, über Mikrowellen laufend, im März 1972
eingrichtet wurde, führten spätere Verhandlungen zu einer
Herabsetzung der Gebührensätze für diesen Dienst im Ver-
gleich mit den Gebührensätzen für die früheren HF Radio-
leitungen.

Telegrafendienst

Die Einnahmen aus dem Telegrafendienst stiegen
gegenüber dem Vorjahr um 16 %. Dieser erhebliche Anstieg
ist darauf zurückzuführen, dass die Gesellschaft die Be-
triebstätigkeit der Western Union International (Anglo/WUI)
in Kanada übernommen hat. Wir erwarten, dass die Ein-
nahmen aus dieser Quelle im kommenden Jahr langsamer
anstiegen werden, da dieser Markt aufgrund der zunehmen-
den Inanspruchnahme anderer Dienste zur Statik neigt.

Vermietete Leitungen

Aufgrund der Rückgabe von Einrichtungen, die an an-
dere Fernmeldegesellschaften vermietet worden waren,
verringerten sich die Einnahmen aus vermieteten Leitungen
im Jahre 1972-73 um 3,4 %. Vermietungen im privaten Sek-
tor nehmen jedoch, da sich die weltweiten Handelsakti-
vitäten immer mehr ausweiten und die Nachfrage nach hoch-
entwickelteren Nachrichtenverbindungen immer mehr steigt,
zu und schliessen private Netze mit Einrichtungen für Stimme,
Daten und Telegraf ein.

Erdstation an der Westküste

Die Satellitenerdstation der Gesellschaft bei Lake
Cowichan auf der Insel von Vancouver, die während der letz-
ten beiden Jahre errichtet worden ist, wurde am 26. Sep-
tember 1972 von dem damaligen Minister für Nachrichtenwe-
sen, dem Ehrenwerten Robert Stanbury, offiziell eröffnet. Die
Satellitenleitungen nach Australien, Hong Kong, Japan und
den Philippinen, die bisher über die amerikanische Erd-
station in Jamesburg, Kalifornien, geführt wurden, gehen
nunmehr über die Station der Gesellschaft. Es wird erwartet,
dass im Juli 1972 direkte Telefon- und Fernschreibleitungen
über Satellit mit der Volksrepublik China eingerichtet wer-
den, da jetzt die Erdstation der Volksrepublik fertiggestellt ist.

Entwicklungen im pazifischen Raum

Die Gesellschaft und ihre Commonwealthpartner sowie die internationalen Fernmeldegesellschaften der Vereinigten Staaten untersuchen weiterhin die Möglichkeiten weiterer Kabeleinrichtungen über den Pazifik, um ein relatives Gleichgewicht zwischen Satelliten und Kabeleinleitungen zu bewahren. Das Commonwealth Pacific Cable (COMPAC) (dt.: Pazifikkabel des Commonwealth) zwischen Kanada, Neuseeland und Australien, das über Hawaii und Fiji geleitet wird, ist voll ausgelastet, und folglich bewältigt man den ständig zunehmenden Verkehr zwischen Kanada und den Randländern im Pazifik durch Einrichtung von zusätzlichen Satellitenleitungen. In dieser Hinsicht haben die geschäftlichen Aktivitäten zwischen Kanada und den Ländern des pazifischen Raumes erheblich zugenommen, und die Gesellschaft entwickelt mit Vorrang Pläne, um dem infolge der sich ausweitenden Handelsaktivitäten in allen Beziehungen erwarteten wachsenden Bedarf an Fernmeldeverbindungen Rechnung zu tragen.

Transatlantikkabel

Im atlantischen Raum verläuft der Bau von CANTAT 2, dem neuen Kabel mit 1840 Leitungen zwischen Beaver Harbour in Neuschottland und Widemouth Bay in England planmässig. Die Station von Beaver Harbour wurde im Frühling fertiggestellt, und unmittelbar anschliessend begann man mit der Installation der Kabel-Terminalausrüstung. Die Kabelverlegungen, einschliesslich der Verlegung des Kabels quer über den kanadischen Festlandsockel und der Verlegung des Unterwasserteils, sollen im Dezember 1973 abgeschlossen werden. Weitere Einrichtungen, um die CANTAT-2-Leitungen quer durch Kanada zu führen, werden auch rechtzeitig zum festgesetzten Termin zur Verfügung stehen. Das System soll im zweiten Quartal des Jahres 1974 in Betrieb genommen werden.

Während des laufenden Jahres wird das Kabelschiff CCGS JOHN CABOT eine sehr komplizierte Operation vor der kanadischen Ostküste durchführen. Das Schiff wurde mit besonderen Apparaturen ausgerüstet, damit das CANTAT-2-Kabel kontinuierlich verlegt werden kann, aber insbesondere, um das Kabel über den Kontinentalsockel in den Meeresboden in einer Tiefe von ungefähr 12 Inches mithilfe eines Pfuges zur Kabelverlegung einzubetten. Ein kleines Unterseeboot wird die Rückfülloperation übernehmen; auf diese Weise soll das Kabel in diesem wichtigen kommerziellen Fischereigebiet geschützt werden.

Satellitenoperationen an der Ostküste

Im Jahre 1972 wurden mit dem Ministerium für Nachrichtenwesen Regelungen bezüglich des Verkaufes des Besitzes der Gesellschaft in Cloverdale, in Britisch-Kolumbien, sowie bezüglich des Kaufes der Erdstation Mill Village Nr. 1 getroffen. Diese Erdstation wurde seit 1964 von der Gesellschaft gemäss einem Sonderabkommen mit dem Ministerium

kommerziell betrieben, und es wurden Pläne im Hinblick auf eine Modernisierung der Station ausgearbeitet, da sie den heutigen strengen technischen Normen genüge möge. Dieses Programm bedeutet für die Gesellschaft erhebliche Ausgaben während der nächsten Jahre. Die modernisierte Station soll die Station Mill Village Nr. 2 der Gesellschaft ergänzen, die sich an der gleichen Stelle befindet.

Im Oktober 1972 wurde auf unserer Station Nr. 2 ein System mit der Bezeichnung "SPADE" (Single channel Pulse code modulation, Assignment on Demand Equipment) (dt. Einkanalausrüstung mit Pulskodemodulation Herstellung von Verbindungen bei Nachfrage) eingerichtet. Diese neue Entwicklung im Bereich Satellitenoperationen bei der das Konzept des digitalen Senderterminals mit Verteilerrelais verbunden wird, soll die Selektion abgelegener Stationen auf Anfrage für kurze Zeiträume ermöglichen das Nachrichtenverkehrsvolumen die Einrichtung ständiger Leitungen nicht rechtfertigt. Die Gesellschaft beteiligt sich an den Feldversuchen, und erste Anzeichen lassen vermuten, dass diese Ausrüstung für künftige Operationen sehr vielversprechend ist.

Neue Zentrale

Die Gesellschaft plant zum Zeitpunkt der Fertigstellung des CANTAT-2-Kabels die Eröffnung einer neuen internationalen Zentrale in Toronto, um die grossen Nachrichtenströme aus oder in den Grossraum von Ontario bewältigen können.

Beziehungen mit dem Commonwealth

Wie schon in unserem letztjährigen Bericht angekündigt, fand im November 1972 in Ottawa eine Fernmeldekonferenz des Commonwealth statt. Die Konferenz hatte die Ziele: und zwar insbesondere die Diskussion über eine Empfehlung des Commonwealth Telecommunications Council (dt. Fernmelderat des Commonwealth), dem aktiven Gremium der Commonwealth Telecommunications Organisation (dt. Fernmeldeorganisation des Commonwealth), bezüglich eines einheitlichen Rechnungssystems und finanzieller Regelungen, um die verschiedenen bestehenden Systeme abzulösen, die in ihrer Anwendung zu komplizierten angesichts der technologischen Entwicklungen und sich verändernden internationalen Nachrichtenstrukturen und Anforderungen ungeeignet geworden sind, und, zweitens eine Untersuchung des sich entwickelnden Bedarfs der Commonwealthpartner sowie schliesslich eine Überprüfung der Arbeiten der Commonwealth-Organisation seit der letzten Konferenz im Jahre 1966.

Die diskutierten finanziellen Regelungen basierten in erster Linie auf dem Konzept des "wayleave", wobei die Gesamtkosten des Commonwealth-Netzes auf die Partner gleichmässig unter Zugrundelegung der Einnahmen aus über das Netz laufenden Nachrichtenverkehr aufgeteilt werden, in anderen Worten: einnahmenorientierte Regelungen.

empfohlenen Regelungen zielen dagegen darauf ab, die Kosten für jede Einrichtung auf der Grundlage physikalischen Inanspruchnahme der Einrichtungen zu berechnen. Kostenorientierte Regelungen—wiederholend kommen; diese Regelungen sorgen für gesunde Kostenkalkülen sowie eine verfeinerte Grundlage für Entscheidung, Planung und Kontrolle seitens des Managements im sich verändernden Praktiken im Geschäftsleben und in der Nachrichtentechnik.

Man einigte sich auf der Konferenz auf die Annahme eines einheitlichen Rechnungssystems auf der Grundlage eines kostenorientierten Konzepts mit Wirkung ab 1. April 1973, und Kanada hat das neue Fernmeldeabkommen des Commonwealth unterzeichnet.

Die Gesellschaft, als Mitglied des Rates, hat an der erwähnten Empfehlung mitgewirkt und aktiv an der Arbeit als Mitglied der kanadischen Delegation teilgenommen.

Die Gesellschaft betrachtet ihre Situation im Lichte der neuen Regelungen als positiv, da sie die Entwicklung leistungsfähigerer und realistischeren Rechnungssysteme ermöglichen, auf dem eine künftige Planung aufbauen kann.

International Telecommunications Satellite Organization (INTELSAT) (dt. Internationale Fernmelde-Satellitenorganisation)

Im vorangehenden Bericht war festgestellt worden, dass man sich über die endgültigen Regelungen für ein einheitliches kommerzielles Nachrichtensystem per Satellit, geeinigt hatte, und dass diese Regelungen in einem Abkommen niedergelegt sind—einem Abkommen zwischen den Regierungen und einem zwischen Fernmeldeorganisationen. Diese Abkommen wurden am 12. Februar 1973 von 80 Unterzeichnerparteien ratifiziert. Die Gesellschaft als designiertes aktives Mitglied für Kanada, unterzeichnete das Betriebsabkommen. Kanada hat den sechsten Investmentanteil an dem Weltraumsegment inne. Die Ermächtigungen der neuen Struktur setzt sich INTELSAT aus den Hauptorganen zusammen, nämlich der Mitgliederversammlung, der Versammlung der Unterzeichnerparteien und dem Präsidium. Letzterem obliegen Entwicklung, Betrieb und Wartung des Weltraumsegmentes sowie die Verwaltung der Exekutivorganisation.

Am 31. Dezember 1976 will das Präsidium einen Generaldirektor ernennen, der der oberste Geschäftsführer der Gesellschaft sein wird. Der Präsidium wird die gesetzliche Vertretung und dem Präsidium für die Verwaltungsfunktionen verantwortlich sein wird. Bis zum 31. Dezember 1976 wird das Präsidium einen Generalsekretär ernennen, der die Schaffung und Wahrnehmung anderer als der im Vertrag mit dem Präsidium vorgesehenen Managementfunktionen verantwortlich sein wird.

Das Präsidium hielt seine erste Sitzung im März 1973 ab, und Mr. E. Eliassen, ranghöchster Vizepräsident und unser Vertreter im Präsidium, wurde zum Vorsitzenden gewählt. Mr. Eliassen war zuvor stellvertretender Vorsitzender, dann Vorsitzender des Interim Communications Satellite Committee (dt. Interimsausschuss für Satelliten-Nachrichtenwesen). Die Gesellschaft ist auch in den Beratenden Ausschüssen des Präsidiums für Finanzen, Technik, Verträge, Daten und Patente vertreten sowie im Sonderausschuss für langfristige Planung.

Der erste kommerzielle Satellit der INTELSAT-Serien "Early Bird" wurde am 6. April 1965 auf den Weg gebracht. Ihm folgten seither Satelliten der INTELSAT-Serien II, III und IV, jeder mit den zur Zeit seines Startes neuesten technischen Errungenschaften ausgerüstet. Alle diese sind synchrone Satelliten, die mit der gleichen Geschwindigkeit wie die Erde rotieren und sich in einer Höhe von ungefähr 22.300 Meilen über dem Äquator befinden. Heutzutage befinden sich die Satelliten über dem Atlantik, dem Pazifik oder dem Indischen Ozean.

Teilnahme an Fernmeldegremien

Vertreter der Gesellschaft haben an zahlreichen Fernmeldegremien teilgenommen—im Rahmen des Commonwealth, auf internationaler und nationaler Ebene. Zu diesen Gremien gehören, um nur einige wenige zu nennen, das Commonwealth Cable Management Committee (dt. Kabel-Managementausschuss des Commonwealth), der Commonwealth Telecommunications Council (dt. Fernmelderat des Commonwealth), die International Telecommunications Union (dt. Internationale Fernmeldevereinigung), INTELSAT, die Canadian Telecommunications Carrier Association (dt. Verband kanadischer Fernmeldegesellschaften) und zahlreiche derer Ausschüsse und Unterausschüsse. Die Aktivitäten—vielseitig und weitgespannt—umfassen alle Aspekte des Fernmeldewesens im technischen, operationellen und finanziellen Bereich.

Organization

Die tiefgreifende Überprüfung des Organisationsrahmens der Gesellschaft, die gegen Ende des Jahres 1971 in Angriff genommen wurde, konnte abgeschlossen werden, und um zu gewährleisten, dass sie ihre gegenwärtigen und künftigen Aufgaben angesichts des extrem raschen Wachstums im Bereich des Fernmeldewesens und des sich verändernden Fernmeldemediums mit den daraus resultierenden Anforderungen erfüllen kann, wurde in verschiedenen Abteilungen eine Umgruppierung der Aufgabenbereiche vorgenommen, und es wurden vier neue Abteilungen geschaffen, insbesondere Marketing, Sonderprojekte, Management-Informationssysteme und Public Relations.

Ernennungen

Als Teil der Strukturreform erfolgten mit Wirkung ab der zweiten Hälfte des Jahres 1972 zwecks umgruppierung der Aufgabenkreise im Bereich Management folgende Ernennungen:

Mr. E. Eliassen, ranghöchster Vizepräsident
Mr. N. T. Byrne, Vizepräsident, Marketing
Mr. J. S. Crispin, Vizepräsident, Operations
Mr. Doran-Veevers, Leiter, Sonderprojekte
Mr. N. Hébert, Personaldirektor
Mr. Y. Langlois, Leiter der Finanzabteilungen
Mr. H. Potvin, Leiter für Public Relations
Mr. R. Séguin, Leiter der Engineerings-Abteilungen
Mr. F. P. Urbanski, Leiter der Abteilungen für Management-Informationssysteme

Todesfall

Mit tiefem Bedauern nehmen wir zur Kenntnis, dass Gordon M. Waterhouse, Vizepräsident und Schatzmeister, am 8. Februar dieses Jahres verschieden ist. Mr. Waterhouse hat der Gesellschaft in leitender Position nahezu 20 Jahre lang gedient und war gut bekannt in der internationalen Fernmeldegemeinschaft, wo er für sich selbst, die Gesellschaft und Kanada einen beneidenswerten Ruf errungen hat.

Vorstand

Mr. Gillis Purcell aus Toronto, der zwölf Jahre lang Mitglied des Vorstandes war, ging im Juli 1972 in den Ruhestand. Wir möchten an dieser Stelle zum Ausdruck bringen, wie sehr wir die wertvolle Mitarbeit von Mr. Purcell während seiner Zeit als Direktor geschätzt haben.

Dankesworte

Im Namen des Vorstandes und in meiner Eigenschaft als Präsident möchte ich allen Belegschaftsmitgliedern für ihre fortgesetzte Mitarbeit und ihr Verständnis während des Jahres 1972 danken, als die Gesellschaft solche gehenden organisatorischen Veränderungen vollzog, welche zahlreiche wichtige Projekte zum Abschluss brachte.

Schning —

Der Präsident.

role Gérard Pelletier
o delle Comunicazioni

gnor Ministro,
nome del Consiglio di Amministrazione, ho l'onore di
rLe la presente relazione, ventitreesima della Società,
all'anno fiscale che si è chiuso il 31 marzo 1973.

Situazione finanziaria

I principali capitoli di bilancio, riguardanti il periodo
in esame, possono riassumersi come segue:
Entrate per il 1972/73 ammontano a dollari
6.089, con un aumento del 21% rispetto a dollari
5.067 del 71/72;
La svalutazione è salita del 20%, passando da dollari
1.555 del 1971-72 a dollari 8.442.150 nel 1972/73;
Gli interessi sugli anticipi statali sono diminuiti del 5%:
da dollari 2.107.856 a dollari 1.993.335;
Le imposte sul reddito sono aumentate del 30%: da
\$ 3.300.000 a dollari 8.205.000;
Il profitto netto è salito da dollari 6.885.131 nel
1971 a dollari 9.940.824 nel 1972/73. Questo aumento
riflette il notevole aumento registrati nell'uso dei
servizi della società. Ulteriori dettagli vengono forniti in una
parte della presente Relazione;
Il resoconto finanziario per l'esercizio conclusosi il 31
marzo 1973, è stato esaminato dall'Uditore Generale; si tras-
mette allegato una copia del suo rapporto.

Servizi

L'anno preso in esame ha registrato un continuo in-
aumento delle comunicazioni transmarittime, con conse-
guente aumento di entrate.

Telex

Le entrate relative al servizio Telex sono aumentate del
10%. Tale aumento va accreditato all'uso ininterrotto, per
alcuni mesi, dell'impianto automatico Telex (COMTEX)
in funzione dal mese di agosto 1971. La centrale au-
menta i contatti con 15 Paesi, offrendo tutta una gam-
ma di servizi delle quali oggi usufruiscono 50 dei 175
paesi dotati di impianti Telex.

Servizio telefonico

Le entrate relative al servizio telefonico hanno registrato
un aumento del 28,1% nel 1972/73. L'uso commerciale
del servizio telefonico transmarittimo registra un aumento
crescente e, dal canto suo, il traffico sociale rela-
tivo al servizio telefonico ha lasciato intravedere una forte
tendenza al rialzo.

Nel 1971-72 il Belgio, la Germania federale, la Svizzera
e la Grecia si collegarono con il Canada, tramite il sistema I.S.D.
(Sistema di Selezione Automatica da abbonato ad abbon-
ato). Come già avemmo modo di accennare nella relazione
dello scorso anno, questo sistema entrò in funzione tra il
Regno Unito la Gran Bretagna ed il Canada nel mese di agosto
1972. Proseguono frattanto le trattative fra il Canada e le com-
petenti amministrazioni della Francia, d'Israele e del Giap-
pone, per l'adozione dello stesso sistema, durante l'anno
corrente.

Per quanto riguarda il servizio telefonico diretto con
St. Pierre et Miquelon, in funzione dal mese di marzo 1972,
dagli accordi presi, scaturì una notevole riduzione delle spe-
se di esercizio rispetto al precedente sistema via radio HF.

Settore telegrafico

Le entrate relative al settore telegrafico, sono aumen-
tate del 16% rispetto all'anno precedente. Tale significativo
aumento fu provocato dalla Società, la quale assorbì il set-
tore fino ad allora sfruttato in Canada dalla Western Union
International (Anglo/WUI). Secondo le nostre previsioni, le
entrate relative a questo settore registreranno un aumento
meno notevole, per i prossimi anni, perché questo partico-
lare mercato palesa una certa stasi causata dall'accresciuta
utilizzazione di altri servizi.

Circuiti in locazione

I circuiti dati in locazione hanno fatto registrare nel
1972-73 un calo del 3,4% nelle entrate. Si prevede comun-
que un certo capovolgimento dovuto alla sempre più dif-
fusa attività commerciale che richiede mezzi di comunica-
zione sempre più perfezionati. Le richieste dell'utenza pale-
sano un bisogno sempre più urgente di circuiti privati dotati
di impianti telefonici, telegrafici e di servizi per l'elaborazione
dei dati.

Base terrestre della costa occidentale

La Base terrestre per satellite della Società, situata a
Lake Cowichan, sull'Isola di Vancouver, ancora in costru-
zione negli ultimi due anni, fu ufficialmente inaugurata il 26
settembre 1972 dall'Onorevole Robert Stanbury, allora Mini-
stro delle Comunicazioni. I circuiti via satellite, colleganti
l'Australia, Hong Kong, il Giappone e le Filippine, preceden-
temente funzionanti grazie alla base terrestre americana di
Jamesburg, California, sono adesso operanti grazie alla base
della Società. Per il mese di luglio 1972 si prevede l'impianto
di una linea telefonica diretta e di circuiti telex via satellite
con la Repubblica Popolare Cinese, la quale ha ormai com-
pletato l'impianto della propria centrale terrestre.

Sviluppo della zona del pacifico

I nostri Soci del Commonwealth, insieme agli operatori internazionali degli Stati Uniti, continuano a studiare i sistemi per sfruttare al massimo l'uso del cavo attraverso il Pacifico, allo scopo di mantenere un certo equilibrio tra i circuiti via satellite e quelli via cavo. Attualmente il COMPAC (Commonwealth Pacific Cable), che collega il Canada, la Nuova Zelanda e l'Australia—tramite le centrali delle Hawaii e delle Fiji—funziona a piena capacità, di conseguenza s'è fatto ricorso all'impianto di circuiti addizionali via satellite, per ovviare al costante intensificarsi del traffico fra il Canada ed i Paesi limitrofi del Pacifico. Come conseguenza s'è avuto un notevole incremento nei rapporti commerciali tra il Canada e i Paesi del Pacifico. La Società sta, perciò, dando la precedenza allo sviluppo di vari piani atti a soddisfare le crescenti esigenze delle telecomunicazioni, conseguenza logica delle attività commerciali moltiplicatesi sotto ogni punto di vista.

Cavo transatlantico

Dall'altro lato del continente, i lavori di costruzione del CANTAT 2, il nuovo cavo di 1.840 circuiti, che collega Beaver Harbour, N.S. e Widemouth Bay, Inghilterra, sono stati condotti a termine entro i limiti di tempo previsti dalla tabella di marcia. La base di Beaver Harbour fu completata durante la primavera e subito dopo si procedé all'impianto della centrale terminale del cavo.

Nel dicembre 1973 dovrebbero essere condotti a termine i lavori di posa del cavo, comprendenti l'immersione del cavo stesso lungo la costa continentale del Canada e nella zona d'acque profonde. Tutti gli impianti per estendere i circuiti del CANTAT 2 a tutto il Canada, saranno pronti nel tempo previsto. Il sistema deve entrare in funzione nella seconda metà del 1974.

Nel corso del presente anno, la nave-cavo CCGS JOHN CABOT effettuerà una delicatissima operazione oltre la costa orientale del Canada. La nave è dotata di un dispositivo speciale atto ad inserire il cavo senza rischi e più ancora, capace di fissarlo lungo la costa continentale fino al livello del mare e di immergerlo ad un livello più profondo. Sarà usato anche un mini-sottomarino per le operazioni di rifornimento e per proteggere il cavo in questa zona singolarmente pescosa.

Operazione satellite della costa orientale

Nel 1972 si conclusero gli accordi con il Ministero delle Comunicazioni, per l'acquisto della base terrestre di Mill Village e per la vendita al Ministero del territorio di Cloverdale, già appartenente alla Società. La suddetta base è stata sfruttata commercialmente dalla Società fin dal 1964, in seguito ad un accordo speciale stipulato con il Ministero; si

gettarono le basi per un riassetto della centrale da da porla a livello con le attuali esigenze tecniche. Il programma necessiterà lo stanziamento di capitali della società, per il prossimo futuro. Il rinnovamento alla base verrà a complementare il Mill Village r.i. appartenente alla Società, la cui centrale si trova nello stesso settore.

Nell'ottobre del 1972 si è installato nella nostra stazione n. 2 il sistema "SPADE" (Sistema d'entrata multipla con assegnazione facoltativa). Questa innovazione nella stazione dei satelliti, fondendo il concetto della trasmissione terminale digitale al sistema convenzionale, renderà possibile la selezione di basi terminali necessarie per brevi periodi di tempo, dove cioè il traffico non giustifica l'impianto di circuiti permanenti. Dai primi sondaggi effettuati dalla Società si ha modo di concludere che tali installazioni permetteranno grandi risultati nelle operazioni future.

Nuovi circuiti

La Società aprirà un nuovo circuito internazionale Toronto, che coinciderà col completamento del cavo. CANTAT 2, in modo da poter controllare l'intenso traffico in uscita o in entrata, di questo settore.

Relazioni con il Commonwealth

Come già accennato nella precedente relazione, nel novembre del 1972 si tenne ad Ottawa una conferenza delle telecomunicazioni del Commonwealth.

La conferenza ebbe un triplice scopo:

—prendere in esame la proposta del Consiglio delle telecomunicazioni del Commonwealth (membro operativo dell'organizzazione delle telecomunicazioni del Commonwealth), proposta riguardante l'adozione di un sistema comune di contabilità; rivedere alcuni schemi attuali diventati troppo complessi d'attuazione o inadeguati relativamente ai progressi tecnologici o non più rispondenti all'evoluzione delle richieste del traffico internazionale; studiare la dinamica delle richieste dei Soci del Commonwealth e rivedere i programmi di lavoro dell'Organizzazione, dalla Conferenza del 1970.

Gli accordi finanziari esaminati erano basati sul concetto del "wayleave", secondo il quale i costi totali della rete del Commonwealth sono ripartiti fra i Soci in base alle entrate derivanti dal traffico smaltito dalla rete stessa; in altre parole, accordi stabiliti in base alle entrate. Le intese proposte, per altro canto, si basano sul concetto dei costi per ogni servizio espletato, prendendo in considerazione l'uso dei servizi. Questa soluzione basata sul costo procurerà una sanatoria dei costi e fornirà delle premesse più solide nelle

ni da prendere nella pianificazione e nel controllo relativi ai nuovi comportamenti commerciali e alla tecnologia delle telecomunicazioni.

on la Conferenza si è raggiunto l'accordo sull'adozione di un sistema uniforme di contabilità e sul nuovo contratto sui costi, con entrata in vigore dal 1° aprile 1973. Il Canada ha firmato il nuovo accordo finanziario sulle telecomunicazioni del Commonwealth. La società, in qualità di membro del Consiglio, prese parte attiva alle suddette riunioni e in qualità di membro della Delegazione Canadese partecipò intensamente alla Conferenza.

La Società rivede le sue posizioni in base alle misure adottate, tenendo conto dello sviluppo di una contabilità più accurata e realistica, onde poter tracciare la sua futura politica.

Organizzazione internazionale telecomunicazioni via satellite (INTELSAT)

Nella precedente relazione, facemmo rilevare che, durante le trattative, si era giunti ad un accordo definitivo riguardante l'insieme del sistema commerciale per le comunicazioni via satellite (Intelsat). Questo accordo contiene una serie di intese: una con i Governi e l'altra con le Compagnie di telecomunicazioni. L'accordo fu ratificato da 80 Paesi il 12 febbraio 1973. La Società firmò l'accordo di adesione in qualità di esercente ufficiale per il Canada. Il Canada occupa il sesto posto tra i maggiori detentori di azioni nel settore spaziale.

Il nuovo organico dell'Intelsat si compone di tre organi principali: l'Assemblea degli Azionisti, il Comitato dei Paesi Membri e il Consiglio dei Governatori. Quest'ultimo ha la responsabilità dell'operazione, dello sviluppo e del sostegno del settore spaziale; presiede, inoltre, all'organizzazione esecutiva.

Nel 31 dicembre 1976 il Consiglio dei Governatori nominerà un Direttore Generale che sarà il capo dell'Esercizio, rappresentante legale e responsabile, davanti al Consiglio, di tutte le funzioni dirigenziali.

Al tempo stesso, il Consiglio nominerà un Segretario Generale incaricato della costituzione e dell'esercizio di tutte le funzioni dirigenziali non previste dal contratto col Consiglio.

Il Consiglio dei Governatori ha tenuto la sua terza sessione nel mese di marzo 1973; in quell'occasione il Signor E. J. H. van der Zanden, vice-Presidente e nostro Delegato in seno al Consiglio dei Governatori, fu eletto Presidente. Precedentemente il Signor Eliassen aveva ricoperto la carica di Vice-Presidente e il Signor H. Potvin, Direttore Relazioni Pubbliche, era stato Presidente del Comitato ad interim. La Società ha, inoltre, mantenuto presso i Comitati Consultivi per Questioni Amministrative, tecniche, contrattuali, per informazioni ed autorizzazioni, e presso uno speciale Comitato di pianificazione generale.

Il primo satellite commerciale della serie Intelsat, "Early Bird", è stato lanciato il 6 aprile 1965. Fu seguito dai satelliti Intelsat II, III e IV, i quali erano quanto di più moderno si potesse pensare dal punto di vista tecnologico in relazione al periodo in cui furono lanciati.

Si tratta di satelliti sincronizzati che girano alla velocità della terra e situati al di sopra dell'Equatore, a circa 22.300 miglia di altezza. Attualmente si trovano al di sopra dell'Atlantico, del Pacifico e delle zone dell'Oceano Indiano.

Partecipazione a convegni sulle telecomunicazioni

La Compagnia ha inviato Delegazioni a vari convegni sulle telecomunicazioni, sia nazionali che internazionali o del Commonwealth. Questi convegni, tanto per citarne qualcuno, comprendono il Commonwealth Cable Management Committee, il Commonwealth Telecommunications Council, l'International Telecommunications Union, l'INTELSAT, il Canadian Telecommunications Carriers Association e vari altri analoghi comitati o sottocomitati. Le attività abbracciano i più svariati settori e coprono tutti gli aspetti tecnici, funzionali e finanziari delle telecomunicazioni.

Organizzazione

La Società ha condotto a termine un accurato rimaneggiamento delle sue strutture organizzative. Questo rimaneggiamento, cominciato nel 1971, le consente oggi una precisa valutazione delle sue responsabilità attuali e future e le garantisce un progresso costante, parallelo allo sviluppo estremamente rapido e svariato del mondo delle telecomunicazioni. Oltre ad effettuare rimaneggiamenti in vari reparti, se ne sono aperti quattro nuovi, e precisamente: Marketing, Progetti Speciali, Servizio Consulenza Dirigenziale e Pubbliche Relazioni.

Nomine

Nell'intento di ridistribuire le responsabilità dirigenziali, si formò un nuovo direttivo. I seguenti nominativi sono entrati in carica dalla seconda metà del '72:

Sig. E. Eliassen, Vice-Presidente
Sig. N.T. Byrne, Vice-Presidente, Marketing
Sig. J.S. Crispin, Vice-Presidente, Operazioni
Sig. Doran-Veevers, Direttore, Progetti Speciali
Sig. N. Hébert, Capo del Personale
Sig. Y. Langlois, Direttore dei Servizi Finanziari
Sig. H. Potvin, Direttore Relazioni Pubbliche
Sig. R. Séguin, Direttore del Servizio Tecnico
Sig. F.P. Urbanski, Direttore del Servizio Consulenza Dirigenziale

Lutto

Segnaliamo con vivo rammarico la scomparsa di Gordon M. Waterhouse, Vice-Presidente e Tesoriere, deceduto l'8 febbraio scorso. Il Signor Waterhouse ha fatto parte del direttivo della Società per quasi 20 anni. Egli era ben noto negli ambienti internazionali delle telecomunicazioni, conquistando alta fama per se stesso, per la Compagnia e per il Canada tutto intero.

Consiglio di amministrazione

Il Signor Gillis Purcell, di Toronto, membro del Consiglio di Amministrazione durante dodici anni, è andato in pensione nel mese di luglio 73.

In tale occasione ci si permetta di esprimere tutta la nostra stima per il valido concorso dato dal Signor Purcell durante tutto il periodo in cui ebbe la responsabilità di Direttore.

Ringraziamenti

A nome del Consiglio e in qualità di Presidente, mi si permetta di esprimere la più sincera gratitudine a tutti i membri del Direttivo, per la loro continua collaborazione e per la comprensione dimostrata durante il 1972, allorché la Società diede l'avvio ad una radicale opera di trasformazione e condusse a termine numerosi ed importanti progetti.



Il Presidente

Conselho de administração

Sr. Gillis Purcell, de Toronto, membro do Conselho de administração durante doze anos, aposentou-se em julho de 1972. Queremos expressar o quanto apreciamos a importante contribuição de Sr. Purcell durante o tempo em que ocupou o cargo de administrador.

Agradecimentos

Em nome do Conselho, e a título de Presidente, gostaria expressar meus agradecimentos a todos os membros do pessoal por sua incessante cooperação e compreensão durante 1972, quando a Corporação empreendeu mudanças tão extensas em sua organização e completou tantos projetos importantes.



O Presidente

quando do seu lançamento, os mais recentes avanços tecnológicos. Todos são satélites síncronos, cuja velocidade de rotação é a mesma que a da terra, localizados acima do equador a uma altitude de 22,300 milhas aproximadamente. Presentemente, os satélites estão localizados sobre as regiões do oceano Atlântico, do Pacífico e do oceano Índico.

Participação em reuniões sobre telecomunicações

Representantes da Corporação participaram em várias reuniões sobre telecomunicações — do Commonwealth, internacionais e nacionais. Estas reuniões, mencionando apenas algumas, incluem o Comité de Administração do Cabo do Commonwealth, o Conselho de Telecomunicações do Commonwealth, a União Internacional das Telecomunicações, INTELSAT, Associação das Empresas Canadenses de Telecomunicações e vários comités e sub-comités conexos. As actividades, diversificadas e amplas, cobrem todos os aspectos das telecomunicações nos sectores técnico, operacional e financeiro.

Organização

A reforma aprofundada da estrutura de organização da Corporação, começada na última parte de 1971, foi terminada. Como primeiro passo e a fim de garantir que suas responsabilidades presentes e futuras possam ser levadas adiante, considerando o desenvolvimento extremamente rápido do sector das telecomunicações e as transformações do meio das telecomunicações com as demandas decorrentes, as tarefas em vários serviços foram reconsideradas e quatro novos serviços foram criados, "Marketing", "Projetos Especiais, Serviços integrados de Gestão e Relações Públicas.

Nomeações

Como parte da revisão da Organização, as nomeações abaixo mencionadas, em vigor no fim de 1972, foram feitas num esforço para redistribuir as responsabilidades administrativas.

Sr. E. Eliassen, Primeiro Vice-Presidente
Sr. N. T. Byrne, Vice-Presidente, "Marketing"
Sr. J. S. Crispin, Vice-Presidente, Operações
Sr. D. V. Doran-Veevers, Diretor, Projetos Especiais
Sr. N. Hebert, Diretor, Pessoal
Sr. Y. Langlois, Diretor, Serviços Financeiros
Sr. H. Potvin, Diretor, Relações Públicas
Sr. R. Seguin, Diretor, Serviços de Engenharia
Sr. F. P. Urbanski, Diretor, Serviços Integrados de Gestão.

Pesames

É com grande pesar que registramos o falecimento de Gordon M. Waterhouse, Vice-Presidente e Tesoureiro, ocorrido no dia 8 de Fevereiro passado. Sr. Waterhouse serviu à Corporação através cargos administrativos durante quase 20 anos, e era bem conhecido na comunidade internacional das telecomunicações, onde ele mereceu para si, para a Corporação e para o Canadá uma reputação invejável.

Corporação considerou que os novos acordos são justificados, sobre o qual baseará sua planificação futura. Corporação considera que os novos acordos são justificados, sobre o qual baseará sua planificação futura. Durante este Congresso chegou-se a um acordo no referre a adopção do plano recomendado de contabilidade e de sistemas financeiros unificados, baseados no trabalho de determinação pelos custos, o qual entrou em vigor a 1º de Abril de 1973. O Canadá assinou o Acordo Financeiro das Telecomunicações do Commonwealth.

Corporação, como membro do Conselho, foi parte recomendada acima mencionada e implicou-se anteriormente no Congresso como membro da delegação canadense.

Corporação, designada como entidade operante para os dias 12 de Fevereiro de 1973 por 80 signatários de telecomunicações. Estes acordos foram assinados no dia 12 de Fevereiro de 1973 por 80 signatários de telecomunicações. Estes acordos foram assinados no dia 12 de Fevereiro de 1973 por 80 signatários de telecomunicações.

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Neste setor, houve uma sensível intensificação das atividades comerciais entre o Canadá e os países do Pacífico. A Corporação tem como prioridade o desenvolvimento de planos para satisfazer as crescentes exigências das telecomunicações, previstas como resultado da expansão das atividades comerciais em todas as relações.

são das atividades comerciais em todas as relações.

O cabo atlântico

No lado do Atlântico, a construção de CANAL 2, o novo cabo de 1840 circuitos entre Beaver Harbour (Nova

às previsões. A estação de Beaver Harbour foi concluída na primavera, logo em seguida foi iniciada a instalação do equi-

assentamento do cabo, que compreendem o soterramento

deste através a plataforma continental e o assentamento da seção de alto mar, estão previstas para Dezembro de 1973. As instalações de lançamento, destinadas a estender os

circuitos de CANTAT 2 através o Canadá, também estarão concluídas no prazo previsto. O sistema deve entrar em fun-

cionalmente no segundo trimestre de 1974.

especial para a instalação de cabos, estão trabalhando em rações de grande complexidade ao largo da Costa Este do Canadá. O navio foi equipado com maquinaria especial pre-

Mas mais precisamente, para soterrar a parte terrestre vista para estender o cabo CANTAT 2 sem interrupção.

Um mini submarino será utilizado para a operação de

terra-plenagem, garantindo assim proteção para o cabo nesta área de grande atividade de pesca comercial.

Operações de satélite na Costa Este

Em 1972 foram concluídos os acordos com o Uepartamento das Comunicações para a venda da propriedade da Corporação em Clivedale (British Columbia) e para a aquisição da estação terrestre Mill Village No. 1. A estação tem sido operada comercialmente pela Corporação desde 1964, em virtude de um acordo especial com o Departamento de Empresas e Comércio para modernizá-la, a fim de que esta funcione segundo os altos padrões técnicos atualmente utilizados. Este programa implicará despesas de capital para a Corporação durante os próximos anos. A

logia das telecomunicações.

Um sistema intitulado "SPADE" (sistema de acesso múltiplo atribuído por demanda) foi instalado em nossa estação No. 2 em Outubro de 1972. Esta novidade nas rádios de satélite, que combina o conceito de terminal de transmissão digital com o de computador de encaminhar, permitirá a seleção de estações distantes, durante curta períodos de tempo, onde o volume de tráfego não justifica a instalação permanente. A Corporação está participando nas experiências, e as primeiras indicações levam a crer que este equipamento poderá ser muito importante para as operações futuras.

Relações do Commonwealth

da região de Ontário ou destinado à mesma.

2, cujo objetivo será o de tratar o trânsito intenso proveniente da região de Ontário ou destinado à mesma.

Uma nova central

Uma nova central
A Corporação abrirá uma nova central internacional
Toronto, coincidindo com a conclusão do cabo de CAN

Ministro das Comunicações

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Conselho de Diretores, o Vigésimo-terceiro Relatório

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como já se podia pressupor no relatório do ano passado, o

Agosto de 1972. As negociações agora prosseguem com

as administrações da França, de Israel e do Japão para a intro-

dução deste serviço, destes três países em direção do Canadá,

durante o corrente ano.

No que se refere ao sistema de ligação direta com St.

Pierre e Miquelon, estabelecida via micro-ondas em Março

de 1972, as negociações subsequentes tiveram como resul-

tado uma redução considerável das tarifas para este ser-

viço, comparadas com as que estavam em vigor anterior-

mente, na época da utilização da radio de alta frequência.

Télgrafo

As rendas do Télgrafo superaram em 16% as do ano

anterior, e o fato que a Corporação tenha assumido as ope-

rações de funcionamento, no Canadá, da Western Union In-

ternacional (Anglo/WUI), contribuiu para este aumento signi-

ficativo. Estamos prevenindo que as rendas provenientes des-

se o setor apresentarão um aumento inferior no ano que vem,

devido à tendência que tem este mercado em permanecer

estacionário devido ao uso crescente de outros serviços.

Circuitos em locação

As rendas dos circuitos em locação diminuíram em

3,4% em 1972-73, devido ao cancelamento dos serviços

alugados a outras empresas de telecomunicações. Toda-

via, as locações ao setor privado aumentam, devido a ex-

panção mundial das atividades comerciais e à demanda de

comunicações mais aperfeiçoadas incluindo redes privadas

que oferecem serviços incorporados de voz, dados e tele-

gráfico.

A Estação Terrena da Costa Oeste

A estação terrena do satélite da Corporação, situada

no Lake Cowichan (Vancouver Island) em construção duran-

te os últimos dois anos, foi oficialmente inaugurada no dia

26 de Setembro de 1972 pelo então Ministro das Comunica-

ções, o Honrado Robert Stanbury. Os circuitos do Satélite

em direção da Austrália, de Hong Kong, do Japão e das Fili-

pinas, anteriormente transmitidos através a estação terrena

americana de Jamesburg (Califórnia) estão agora sendo

efeituados através a estação da Corporação. Está previsto

que em Julho de 1973 circuitos diretos de telefone e de

Telex via satélite serão estabelecidos com a República Popu-

lar da China visto que sua nova estação terrena está agora

terminada.

Desenvolvimentos na área do Pacífico

A Corporação e seus sócios do Commonwealth, Jun-

tamente com as empresas internacionais de comunicações

dos Estados Unidos, continuam estudando as possibilidades

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Ministro das Comunicações

los circuitos internacionales de telecomunicaciones; había merecido para sí, para la Sociedad y para el Canadá una reputación envidiable.

Consejo de administración

El Sr. Gillis Purcell, de Toronto, miembro del consejo de administración durante doce años, se jubiló en julio de 1972. Queremos hacer constar aquí nuestro agradecimiento por su valiosa colaboración durante su mandato como administrador.

Agradecimiento

En nombre del consejo y en el mío propio como presidente, quisiera agradecer a todos los miembros de nuestro personal por su cooperación continua y por su comprensión durante 1972, año en que la Sociedad realizaba cambios tan profundos de organización y llevaba a feliz término tan numerosos proyectos importantes.

— *Lungo*

El Presidente

uno, en el momento de su lanzamiento, los últimos adelantos tecnológicos. Todos estos satélites sincrónicos giran a la misma velocidad que la tierra y están localizados encima del ecuador a una altitud de unas 22 300 millas. Existen actualmente satélites encima de las regiones del Atlántico, del Pacífico y del Índico.

Participación en reuniones de telecomunicaciones

Los representantes de la Sociedad participaron en muchas reuniones de telecomunicaciones, algunas del Comité de Gestión de las Telecomunicaciones por Cable del Commonwealth, el Consejo de Telecomunicaciones del Commonwealth, la Unión Internacional de Telecomunicaciones, INTELSAT, la Asociación de Empresas Canadienses de Telecomunicaciones y subcomités relacionados con este campo. Las actividades son muy variadas y cubren todos los aspectos de las telecomunicaciones en los campos técnico y financiero, así como en el de la explotación.

Organización

Se terminó la transformación profunda de la estructura de la Sociedad, empezada a finales de 1971, como primer paso, se llevó a cabo una modificación de las funciones de los diversos servicios, creándose cuatro nuevos (Comercialización, Proyectos especiales, Servicios integrados de gestión y Relaciones públicas) con el fin de asegurar la realización de sus responsabilidades presentes y futuras, teniendo en cuenta el crecimiento rapidísimo y los cambios en el campo de las telecomunicaciones, con las exigencias que los acompañan.

Nombramientos

Como parte de la reforma de la estructura de nuestra Sociedad, con el fin de redistribuir las responsabilidades de los miembros de la dirección, los nombramientos siguientes entraron en vigor en la segunda parte de 1972:

Vicepresidente principal, Sr. E. Eliassen
Vicepresidente, Comercialización, Sr. N. T. Byrne
Vicepresidente, Explotación, Sr. J. S. Crispin
Director, Proyectos Especiales, Sr. D. V. Doran-Veevers
Director, Personal, Sr. N. Hebert
Director, Servicios financieros, Sr. Y. Langlois
Director, Relaciones públicas, Sr. H. Potvin
Director, Servicios de ingeniería, Sr. R. Séguin
Director, Servicios integrados de gestión, Sr. F. P. Urbanski

Sentida pérdida

Lamentamos anunciar aquí que el vicepresidente y tesorero, Gordon M. Waterhouse, falleció el día 8 de Febrero. El Sr. Waterhouse sirvió a nuestra Sociedad durante casi veinte años, ocupando cargos de dirección; era muy conocido en

Organización internacional de telecomunicaciones (INTELSAT)

En el informe anterior se mencionaba que se había sido un acuerdo relacionado con los arreglos definitivos para un sistema mundial de comunicaciones comerciales por satélite (INTELSAT) y que dichos arreglos estaban en dos acuerdos: uno entre gobiernos y el otro ratificados el 12 de Febrero de 1973 por ochenta y seis. La Sociedad, nombrada como entidad operadora en Canadá, firmó el acuerdo de explotación. El Canadá el sexto lugar en lo que se refiere a inversión en el sector espacial.

La nueva estructura de INTELSAT abarca tres organizaciones principales: la asamblea de los socios, la junta de socios y la junta de gobernadores; esta última se encarga del desarrollo, explotación y mantenimiento del sector espacial, así como de la gestión de la organización administrativa.

El 1º de Abril de 1973, que se apoyó en el concepto de un acuerdo financiero, el Canadá firmó el nuevo acuerdo financiero de telecomunicaciones del Commonwealth.

En dicha recomendación y participó activamente en el mismo como miembro de la delegación canadiense. Consideramos que nuestra situación es buena dentro de un sistema, permitiendo el desarrollo de una considerable participación y realización en la planificación futura.

La junta de gobernadores nombrará, para el 31 de Marzo de 1973, el Sr. E. Eliassen, vicepresidente principal y el representante legal; será también responsable ante la junta de todas las operaciones de explotación. Mientras tanto, la junta nombrará a un secretario general y tendrá la responsabilidad del establecimiento y del mantenimiento de las operaciones de gestión, además de las funciones previstas en virtud de un contrato con la junta.

La junta de gobernadores celebró su primera reunión en el Marzo de 1973, el Sr. E. Eliassen, vicepresidente principal y el representante legal, fue elegido representante nuestro ante dicha junta, fue elegido vicepresidente y de presidente del comité interino de vicepresidentes y de presidente del comité de comunicaciones por satélite. Nuestra Sociedad está también representada en los comités de consulta de la junta de socios financieros y técnicos, así como en aquellos relacionados con los contratos, datos y patentes, y en el especial para planificación a largo plazo.

El primer satélite comercial de la serie INTELSAT, "Early Bird", fue lanzado el 6 de Abril de 1965. Le

En Octubre de 1972 se instaló en nuestra estación N° 2 un sistema llamado "SPADE" (Single Channel, Full Code Modulation, Assignment on Demand Equipment) (Sistema de acceso múltiple asignado por demanda). La innovación en el campo de los satélites, que combina un concepto de un terminal de transmisión numérica con un mutador de encaminamiento, permitirá la selección de estaciones de otro extremo durante cortos períodos de tiempo cuando el volumen de tráfico no justifica la instalación de un terminal de tráfico. Nuestra Sociedad está participando en las pruebas sobre el terreno; esta instalación promete grandes éxitos para la explotación futura.

Nueva estación terminal

La Sociedad abrirá una nueva estación terminal nacional en Toronto para coincidir con la terminación de cable CANTAT 2, con el fin de atender a una misma. sale de la región de Ontario o llega a la misma.

Relaciones con el Commonwealth

En Noviembre de 1972 se celebró en Ottawa un congreso de telecomunicaciones del Commonwealth, en el cual se celebró un congreso de Telecomunicaciones del Commonwealth. El nuevo sistema unifica de contabilidad y arreglos financieros ser complejo en su aplicación e inadecuados consideramos los adelantos tecnológicos y las normas y exigencias nuevas del tráfico internacional; segundo, estudiar las posibilidades en plena evolución de los socios del Commonwealth; y tercero, revisar los trabajos de la Organización de las Naciones Unidas para la Cooperación Económica y Social (OECS) en el campo de las telecomunicaciones. Los arreglos financieros que se están revisando, basados principalmente en el concepto del derecho de uso, los costos totales de la red del Commonwealth que repartidos entre los socios teniendo en cuenta los ingresos provenientes de las comunicaciones transpondidas por dicho sistema; en otras palabras, se trata de arreglos que se recobran teniendo en cuenta el uso de cada instalación que se recobra por cada socio (arreglo basado en el concepto de contabilidad de costos y se servirá como base perfecta para las decisiones administrativas, la planificación y el control, considerando los usos y las costumbres existentes en los negocios y en la tecnología de las telecomunicaciones.

Durante el congreso se llegó a un acuerdo sobre la adopción de un sistema unificado de contabilidad, en el cual se servirá como base perfecta para las decisiones administrativas, la planificación y el control, considerando los usos y las costumbres existentes en los negocios y en la tecnología de las telecomunicaciones.

siguen buscando medios de aumentar las instalaciones por cable a través del Pacífico con el fin de mantener un equilibrio relativo entre los circuitos de cable y de satélite. El cable del Pacífico del Commonwealth (COMPAC) entre el Canadá, Nueva Zelanda y Australia, que pasa por Hawai y Fiji, funciona a su plena capacidad; por lo mismo, se han agregado nuevos circuitos de satélite para satisfacer las comunicaciones en aumento constante entre el Canadá y los países del Pacífico. Ha habido un aumento interesante en los intercambios de negocios entre el Canadá y los países del Pacífico; así, nuestra Sociedad está preparando planes prioritarios para atender a las crecientes demandas que han de resultar del auge de las actividades comerciales.

Cable transatlántico

En la región del Atlántico, se está llevando a cabo, conforme a los planes, la construcción de CANTAT 2, el nuevo cable de 1440 circuitos entre Beaver Harbour (Nueva Escocia) y Widemouth Bay (Gran Bretaña). La estación de

Beaver Harbour fue terminada en la primavera e inmediatamente después se empezó a preparar la instalación terminal del cable. Se debe terminar en Diciembre de 1973 el tendido del cable bajo el suelo submarino, a través de la plataforma continental canadiense y el tendido de la otra sección forma continental canadiense y el tendido de la otra sección der los circuitos de CANTAT 2 a todo el Canadá estarán también listas para la fecha prevista. El nuevo sistema empezará a funcionar en el segundo trimestre de 1974.

Durante el presente año, el cable CCGS John Cabot llevará a cabo una operación muy compleja frente a la costa este del Canadá. El barco fue equipado con aparatos especiales destinados a la instalación del cable CANTAT 2 sin interrupción y más particularmente para enterrar el cable, a través de la plataforma continental, en el lecho marino, a una profundidad de unas doce pulgadas, por medio del "arrastré de un "arado" de control remoto. Se usará un pesquero submarino para la operación de recubrimiento, asegurando así la protección del cable en esta región de intensa pesca comercial.

Operaciones de satélite en la costa este

En 1972, se han terminado las negociaciones con el Ministerio de Comunicaciones para la venta de nuestra propiedad de Cloverdale (Colombia Británica) y para la compra de la estación terrestre N° 1 de Mill Village. Habíamos explotado dicha estación desde 1964 en virtud de un acuerdo especial con el ministerio; se habían iniciado entonces los planes para modernizar la estación con el fin de alcanzar las elevadas normas técnicas actuales. La Sociedad tendrá que realizar inversiones durante los próximos años. La estación modernizada servirá para complementar la estación N° 2 de Mill Village que se halla en el mismo lugar.

onorable Gérard Pelletier
Ministro de Comunicaciones
Attawa

ñor Ministro:
e place presentarle, en nombre del consejo de
tación, el 23° Informe de nuestra Sociedad, corres-
ante al ejercicio que terminó el día 31 de Marzo de

os referimos:
1972-73, los ingresos alcanzaron \$44 471 089,
ados con \$36 792 767 en 1971-72; hubo, pues, un
o de 21 por 100.
depreciación aumentó en un 20 por 100, pasando
35 555 en 1971-72 a \$8 442 150 en 1972-73.
nterés sobre avances concedidos por el gobierno
yó en un 5 por 100, de \$2 107 856 a \$1 993 335; el
to de \$6 300 000 a \$8 205 000.
umento en el beneficio neto, de \$6 885 131 en
a \$9 940 824 en 1972-73, refleja un aumento con-
le en el uso de los servicios de la Sociedad; los
aparecen en la sección correspondiente del pre-

estados financieros para los doce meses del
que terminó el 31 de Marzo de 1973, presentados
eron revisados por el interventor general; se adjunta
ia de su informe.

ervicios
durante el año a que nos referimos, continuó el
o en el campo de las telecomunicaciones internacio-
por lo mismo, los ingresos crecieron también.

lex
ngresos del servicio Telex aumentaron en un 30,7
; esto se debe al uso, durante esos doce meses,
stación automática de comunicación Telex
(EX) que entró en servicio en Agosto de 1971. Se ha
un servicio totalmente automático a quince
quedando de esta manera al alcance de 50 de los
ses que ofrecen el servicio Telex.

léfono
1972-73, los ingresos del sector telefónico aumen-
en un 28,1 por 100. El uso del teléfono internacional en
lo de los negocios sigue aumentando; durante el
período, las comunicaciones privadas han acusado
e crecimiento también.

Belgica, la Republica Federal de Alemania, Suiza y

Grecia introdujeron el sistema ISD ("International Subscriber
Dialling", selección internacional de abonado a abonado)
hacia el Canadá. Por otra parte, tal como se había previsto
en el informe del año pasado, se inauguró en Agosto de
1972 el servicio ISD entre Gran Bretaña y el Canadá. Se está
gestionando la introducción para el presente año del
mismo servicio desde Francia, Israel y el Japón hacia el
Canadá con los gobiernos respectivos.

En cuanto al servicio telefónico directo con St. Pierre
y Miquelón, establecido por microundas en Marzo de 1972,
las nuevas negociaciones dieron por resultado la reduc-
ción de las tarifas, comparadas con las que existían cuando
se usaban las altas frecuencias.

Telegrafo

Los ingresos del sector telegráfico aumentaron en
un 16 por 100 sobre los del año anterior; este aumento
significativo se debe atribuir en parte a que hemos pasado a
explotar la Western Union International (ANGLO/WUI) en el
Canadá. Calculamos que los ingresos de este sector
acusarán un aumento menor el año que viene, puesto que
este mercado tiende a permanecer estacionario debido al
mayor uso de los otros servicios.

Circuitos arrendados

En 1972-73, los ingresos provenientes de circuitos arren-
dados disminuyeron en un 3,4 por 100 como consecuencia
de la interrupción del arrendamiento de ciertas instalaciones
a otras empresas de telecomunicaciones. Sin embargo,
en el sector privado, la locación está aumentando debido a
la expansión de las actividades comerciales municipales y a la
necesidad de comunicaciones más perfeccionadas,
incluyendo redes privadas que abarquen instalaciones para
varios elementos: voz, datos y telegrafos.

Estación terrestre del oeste

Nuestra estación terrestre de telecomunicaciones por
satélite, situada en Lake Cowichan (Isla de Vancouver),
construida durante los últimos dos años, fue inaugurada
oficialmente el 26 de Septiembre de 1972 por el Ministro de
Comunicaciones de entonces, Honorable Robert Stanbury.
Los circuitos de satélite a Australia, Hong Kong, Japón y Fili-
pinas, encaminados anteriormente por medio de la estación
terrestre de Jambesburg (California) pasan ahora por nuestra
estación. Se espera que se establezcan circuitos directos
de teléfono y Telex por satélite en Julio de 1973 con la
República Popular de China, pues esta última ha terminado
la instalación de su nueva estación terrestre.

Región del Pacifico

Nuestra Sociedad y sus socios del Commonwealth, al
igual que las empresas internacionales de Estados Unidos,

6. Messieurs Jean-Claude Delorme, Président et Directeur général et William Rogers, Secrétaire d'Etat des Etats-Unis, à la première réunion du Conseil des gouverneurs d'INTELSAT, à Washington, en mars 1973.
7. M. Ernst Eilassen, Premier Vice-président, fut élu président du Conseil des gouverneurs d'INTELSAT en mars 1973. M. Eilassen a représenté la SCTT auprès du Comité intermédiaire de Radiocommunications par satellites depuis 1965 en qualité de Vice-président et de Président.
8. Le lancement du satellite domestique canadien, Anik 1, à Cap-Kennedy (Floride), le 9 novembre 1972.
9. La SCTT a réservé un répondeur sur le satellite Anik 1.



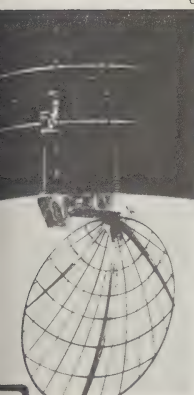
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une nouvelle station terrestre de satellite de la Société
à Lake-Cowichan, île de Vancouver (Colombie-Bri-
je) a été inaugurée le 26 septembre 1972. Elle exploi-
s circuits reliés à l'Australie, à Hong-Kong, au Japon
Philippines.
e mini-sous-marin construit par International Hydro-
ics pour la SCTT est mis à l'essai avant d'être exploité.
conçu dans le but d'entourer les répéteurs qui seront
des au câble transatlantique de 1840 circuits, CANTAT 2,
intervalle de six milles.
ne charue sous-marin de 16 tonnes sera remor-
par le CCGS John Cabot afin d'entourer la portion cana-
du câble CANTAT 2 sur le plateau continental.
à préparation de l'équipement terminal du câble
AT 2 à la station nouvellement construite de Beaver-
ur, (Nouvelle-Ecosse) en vue de l'inauguration du
en avril 1974.
l'équipement terminal SPADÉ à Mill-Village (Nou-
cosse). Cette innovation dans l'exploitation par satel-
il combine le concept d'un terminal de transmission
rique avec un commutateur d'acheminement, per-
la sélection sur demande des stations terminales pour
urtes périodes de temps durant lesquelles le volume
fic ne justifie pas l'installation de circuits permanents.



L'Honorable Gérard Pelletier
Ministre des Communications
Ottawa

Monsieur,
J'ai examiné les comptes et les états financiers de la Société canadienne des Télécommunications transmises pour l'année terminée le 31 mars 1973. Cet examen comporte une revue générale des méthodes comptables et les sondages des livres et autres pièces justificatives jugées nécessaires dans les circonstances.

En conformité des dispositions de l'article 77 de la Loi pour l'administration financière, je fais rapport qu'à mon avis: (a) la Société tient des livres de comptabilité appropriés; les états financiers de la Société

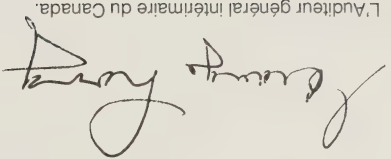
(i) ont été préparés sur une base compatible avec celle de l'année précédente et sont en accord avec les livres de comptabilité,

(ii) donnent dans le cas du bilan, un aperçu juste et fidèle de l'état des affaires de la Société à la fin de l'année financière, et

(iii) donnent dans le cas du relevé des revenus et des dépenses, un aperçu juste et fidèle des revenus et des dépenses de la Société pour l'année financière;

(c) les opérations de la Société portées à ma connaissance étaient de la compétence de la Société aux termes de la présente loi et de toute autre loi pouvant s'appliquer à la Société.

Vous agréer, Monsieur, l'assurance de ma haute considération.


L'Auditeur général intermédiaire du Canada.

1972	\$ 9,083,305	\$ 11,236,785	\$ 100,920,730
	(402,733)	2,213,283	
		104,495	
		13,554,563	
		6,320,307	
		5,173,809	
		40,011,152	
		37,592,854	
		46,824,753	
		9,940,824	
		6,885,131	
		46,824,753	
		56,765,577	
		94,358,431	
		86,835,905	
		\$114,233,301	

Le ministre des Communications
George Long

Bilan au 31 mars 1973

(avec les chiffres comparatifs figurant au 31 mars 1972)

La Société canadienne des Télécommunications transmarines
(constituée par la Loi sur la Société canadienne des
Télécommunications transmarines)

Actif		1973
Disponibilités:		
Encaisse	\$	318,530
Dépôts à court terme		9,150,000
Comptes à recevoir		12,861,978
Frais payés d'avance		128,413
		19,617
Immobilisations, au prix coûtant: (Annotations 1 et 2)		
Terrains et bâtiments		15,397,813
Systèmes de câbles et équipement technique		11,876,448
Système international de satellite (segment spatial)		126,959,110
		10,447
		12,714
		135,792
Moins: Amortissement accumulé		62,458,991
		91,774,380
		81,303
		\$114,233,301
		\$100,920

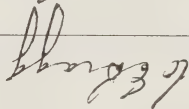
Les annotations jointes aux états financiers en sont partie intégrante.

Certifié exact:



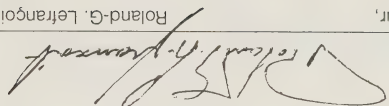
J.-C. Delorme

Approuvé:



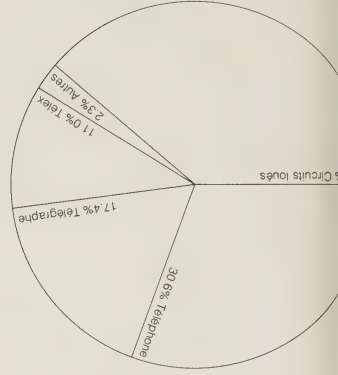
E. Bragg

Administrateur,

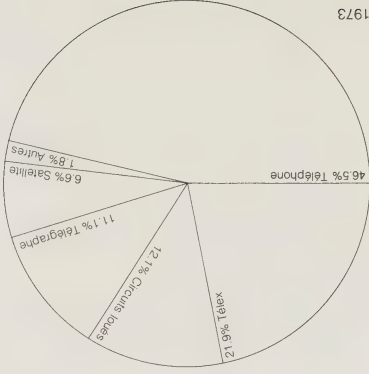


Roland-G. Lefrançois

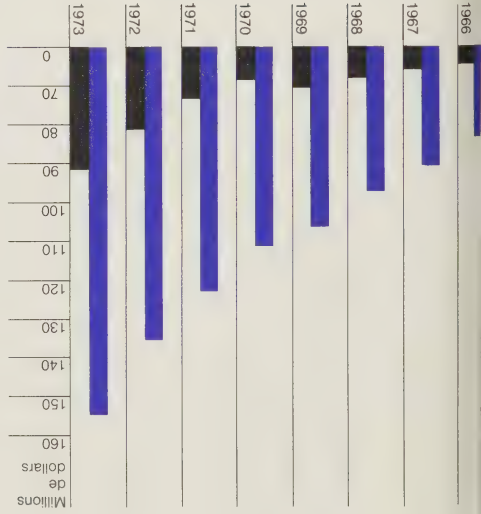
Partition des revenus selon la provenance



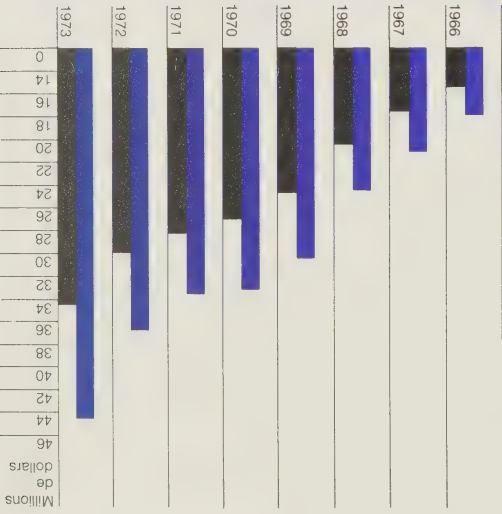
1973



Immobilisations amorties



Revenu
Dépenses



Millions de dollars

0
2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48
50

Etat des revenus et dépenses pour l'année financière terminée le 31 mars 1973

(avec les chiffres comparatifs pour l'année financière terminée le 31 mars 1972)

1973

Revenus: \$ 36,849,477,449

5,93	6,494,939	Salaires d'administration
2,49	2,833,090	Salaires d'exploitation
69	775,441	Traitement et salaires d'exploitation
7,03	8,442,150	Amortissement (Annotation 1)
6,51	5,898,794	Location de circuits, etc.
2,66	2,916,728	Entretien et réparations—installations et équipement
2,10	1,993,335	Intérêt
1,34	1,654,260	Autres frais d'exploitation et d'administration

A déduire: 31,008,737

Montant estimatif recouvrable du réseau du Commonwealth—frais excédant la part de la Société dans les dépenses totales du réseau du Commonwealth.

4,10	3,500,000	Partie des dépenses capitalisées
1,01	1,177,112	Impôts sur le revenu pour l'exercice courant
5,11	4,677,112	Impôts sur le revenu différé
23,63	26,331,625	Impôts net avant impôts
13,18	18,145,824	
5,00	7,205,000	
1,30	1,000,000	
6,30	8,205,000	
	\$ 9,940,824	Bénéfice net

Les annotations jointes aux états financiers en sont partie intégrante.

Annotations aux états financiers pour l'année financière terminée le 31 mars 1973

1. Suite à l'adoption d'un système de comptabilité unifié par les associés au réseau du Commonwealth, les immobilisations ont été reclassifiées en date du 1er avril 1972 et il s'en suivit des frais d'amortissement pour l'année de \$8,442,150. Si les immobilisations n'avaient pas été reclassées, les frais d'amortissement seraient de l'ordre de \$7,976,878.

2. Au 31 mars 1973, le coût estimatif de l'achèvement de projets immobiliers approuvés par le Gouverneur en conseil, s'élevait à environ \$68,100,000 dont \$37,900,000 se rapportant à l'année financière prenant fin le 31 mars 1974.

3. Les sommes recouvrables du réseau du Commonwealth ont fait l'objet d'une mise au point définitive jusqu'au 31 mars 1966 et celles recouvrables les années suivantes sont reflétées dans les livres sur une base estimative.

4. Les avances reçues du Canada produisent des intérêts à des taux allant de 3% à 6%, remboursables par versements semi-annuels, à des intervalles variables, jusqu'en 1998, selon les modalités établies par le Gouvernement en conseil. Les remboursements effectués au cours de l'année financière écoulée se sont chiffrés à \$2,418,298 et dus pour l'année financière prenant fin le 31 mars 1974 chiffreront à \$2,538,712.

5. Les frais d'exploitation pour l'année financière terminée le 31 mars 1973 comprennent la rémunération de sept administrateurs, en tant qu'administrateurs, soit \$2,900,000, la rémunération de sept membres de la direction, en tant qu'administrateurs, soit \$209,993. L'un de ces derniers est administrateur.

ation d'un système mondial de communications com-
 munes par satellite, INTELSAT, et que ces dispositions
 soient contenues dans deux accords — l'un entre les gouver-
 nements et l'autre entre les organisations de télécommuni-
 cations. Ces accords ont été ratifiés le 12 février 1973 par 80
 États. La Société, à titre de société exploitante repré-
 sentant le Canada, a signé l'accord d'exploitation. Le Canada
 n'est pas la sixième partie la plus considérable dans le seg-
 ment spatial des activités immobilières.
 La nouvelle structure d'INTELSAT englobe trois organes
 principaux — l'Assemblée des parties, la Réunion des signa-
 taires et le Conseil des gouvernements, ce dernier ayant la
 responsabilité du développement, de l'exploitation et de l'en-
 tretien du segment spatial ainsi que de la gestion de l'orga-
 nisme administratif.
 Le 31 décembre 1976, le Conseil des gouvernements
 principal et le Représentant juridique responsable des
 fonctions de gestion autres que celles qui sont sti-
 pulées dans le contrat signé avec le Conseil.
 Le Conseil des Gouvernements a tenu sa première réu-
 nion le 17 mars 1973 et M. E. Eliassen, Premier Vice-président
 de la SCTT auprès du Conseil fut élu Prési-
 dent et le Président du Comité interne de Radio-
 communications par satellites. La Société est aussi repré-
 sentée sur les Commissions consultatives du Conseil sur
 les questions financières, techniques, contractuelles et de
 long terme.
 Le premier satellite commercial de la série INTELSAT,
Brilliant, a été lancé le 6 avril 1965. Il a été suivi par
 les satellites INTELSAT II, III et IV, chacun re-
 présentant l'équipement technique le plus perfectionné au mo-
 ment de son lancement. Ce sont tous des satellites synchro-
 nisés à la même vitesse que la terre et placés sur
 l'équateur à une altitude d'environ 36 000 milles. À l'heure actuelle, des satellites sont posés
 dans l'Atlantique et de l'Océan indien.
 Des représentants de la Société ont pris part à plu-
 sieurs comités nationaux, internationaux et du Common-
 wealth. Certains de ces comités, pour n'en
 citer que quelques-uns, sont le *Commonwealth Cable Man-
 agement Committee*, le *Commonwealth Telecommunica-
 tion Council*, l'Union internationale des télécommuni-
 cations, l'Association canadienne des entreprises
 de télécommunications, ainsi que plusieurs autres comités
 et associations.

Le Président,

—

Organisation

La révision approfondie des structures de la Société,
 entreprise à la fin de 1971, a été complétée. Celle-ci a dû
 procéder à une redistribution des fonctions de plusieurs
 services afin de faire face à ses responsabilités, actuelles
 et futures, continuer à se développer au rythme que lui im-
 pose l'accroissement extrêmement rapide de l'évolution de
 l'environnement des télécommunications et répondre aux
 besoins que ces changements entraînent. Quatre nouveaux
 services ont été créés: le service du Marketing, les Projets
 spéciaux, les Relations publiques et les Services intégrés de
 gestion.

Nominations

À la fin de 1972, dans le cadre de la réforme de structure de
 la Société, afin de redistribuer les responsabilités des mem-
 bres de la direction:

- M. E. Eliassen, Premier Vice-président
- M. N. T. Byrne, Vice-président, Marketing
- M. J. S. Crispin, Vice-président, Opérations
- M. D. V. Doran-Veevers, Directeur, Projets spéciaux
- M. Normand Hébert, Directeur du Personnel
- M. Hubert Langlois, Directeur, Services financiers
- M. Hubert Potvin, Directeur, Relations publiques
- M. Robert Seguin, Directeur, Service d'ingénierie
- M. F. P. Urbanski, Directeur, Services intégrés de gestion

Règles

C'est avec le plus vif regret que nous signalons le décès
 de M. Gordon M. Waterhouse, Vice-président et Trésorier, le
 8 février dernier. M. Waterhouse a occupé des postes de
 direction pendant près de 20 ans à la Société et était très
 connu dans le milieu international des télécommunications
 où il avait acquis une réputation enviable, tant pour lui-même
 que pour la Société et le Canada.

Conseil d'administration

M. Gillis Purcell, de Toronto, qui a été membre du
 Conseil d'administration durant douze ans, a pris sa retraite
 en juillet 1972. Nous désirons exprimer notre appréciation
 pour la contribution précieuse que M. Purcell a apportée à
 la Société lorsqu'il faisait partie du Conseil.

Remerciements

Au nom du Conseil d'administration et en ma qualité
 de Président, je désire exprimer mes remerciements à tous
 les membres du personnel pour leur collaboration et leur
 appui constant durant l'année 1972, alors que la Société a
 connu des changements d'organisation importants et a mené
 à bonne fin un grand nombre de projets d'envergure.

supplémentaires de satellite. A cet égard, on a pu noter un accroissement appréciable de l'activité commerciale entre le Canada et les nations littorales du Pacifique. La Société

élaborer actuellement sur cette question prioritaire afin de satisfaire à la demande accrue de télécommunications de coulant de cet essor commercial sur tous les plans.

Câble transatlantique

L'installation de CANTAT 2, le nouveau câble de 1840 circuits entre Beaver-Harbour, N.-E., et Widemouh Bay, au R.-U., sur la côte Atlantique, se poursuit selon les délais prévus.

La station de Beaver-Harbour a été parachèvee au printemps et, immédiatement après, l'installation de l'équipement terminal du câble a commencé. Les opérations de pose, y compris l'enroulement du câble sur le plateau continental canadien et la pose de la section en eaux profondes, doivent être complétées vers décembre 1973. Des installations de raccorderment prolongeant les circuits de CANTAT 2 à travers le

Canada seront disponibles à la date fixée. Le système commença à fonctionner vers le deuxième trimestre de 1974. Durant l'année en cours, le câblier CCGS *John Cabot* entreprendra une opération très complexe sur la côte est du Canada. Le navire a été muni d'un équipement spécialisé conçu de manière à dévider en continu le câble CANTAT 2 et, plus particulièrement, à l'enrouler dans la couche sédimentaire du plateau continental à une profondeur de douze

pouces environ à l'aide d'une *charrette-rigieuse* remorquée. Un mini-sous-marin dégage la rigole à l'aide d'un jet d'eau puissants et exécute ensuite le travail de remblayage, opération qui assure la protection du câble dans les régions de grande profondeur.

Opérations de satellite sur la côte est

Des accords ont été conclus entre la SCTT et le Ministère des Communications en 1972 pour la vente de la propriété de la Société à Cloverdale (Colombie-Britannique) et l'achat de la station terrestre de Mill-Village No 1. La station en question a été exploitée commercialement par la Société en vertu d'une entente spéciale avec le Ministère des Communications en 1964 et des mesures ont été prises afin d'améliorer la station pour qu'elle puisse satisfaire aux normes techniques rigoureuses actuellement en vigueur. Ce programme engagera la Société dans des dépenses en immobilisations au cours des prochaines années. Cependant, la station améliorée complètera la station No 2 de la Société à Mill-Village, située sur le même emplacement.

"SPADÉ" (système d'accès multiple avec assignation sur demande) y a été installé en octobre 1972. Cette innovation dans l'exploitation par satellite, qui combine le concept d'un terminal de transmission numérique avec un ordinateur d'acheminement, permettra la sélection sur demande des stations terminales pour les courtes périodes de temps durant lesquelles le volume du trafic ne justifie pas l'installation de circuits permanents. La Société participe à des essais sur les lieux et de récentes indications nous font croire que l'équipement est très prometteur quant aux opérations futures.

Nouvelle station terminale

La Société va inaugurer une station terminale internationale à Toronto, mesure qui coïncidera avec la mise en opération du câble CANTAT 2, dans le but de satisfaire au volume considérable de trafic ayant ses points de départ et d'arrivée en Ontario.

Relations avec le Commonwealth

Tel qu'annoncé dans notre rapport de l'an dernier, la Conférence des télécommunications du Commonwealth a été tenue durant le mois de novembre 1972. La conférence avait les objectifs suivants: examiner une recommandation de l'Organisation des Télécommunications du Commonwealth (relativement à un plan d'uniformisation des termes de comptabilité et des accords financiers afin de faciliter les divers plans en vigueur. Ces derniers s'étaient avérés trop complexes quant à leur application et n'avaient dans le cadre des progrès technologiques et des structures et exigences des télécommunications en évolution. Ensuite, étudier les besoins variables des associés du Commonwealth et, enfin, réviser les travaux du CTC depuis la dernière référence tenue en 1966.

Les dispositions financières sous étude se basaient sur le concept principal du *droit d'usage* (wayleave) par lequel le total des coûts du réseau du Commonwealth se partageait entre les associés sur la base d'un revenu provenant du trafic transmis par le réseau, c'est-à-dire des dispositions basées sur le revenu. Les dispositions recommandées s'appliquent au coût. Ceci permet d'appliquer des taxes cibles solides d'établissement des prix de revient et un meilleur équilibre de prise de décision aux niveaux de la planification, de la planification et du contrôle dans le cadre des questions commerciales et de la technologie des télécommunications en constante évolution.

Un accord, qui devait entrer en vigueur le 1er avril 1973, a été conclu durant la conférence en ce qui concerne la mise en œuvre d'uniformisation des systèmes de comptabilité basés sur le coût. Le Canada a approuvé la recommandation mentionnée ci-dessus et a participé à la conférence en tant que membre du Conseil. La Société a approuvé le nouveau accord financier sur les télécommunications des pays du Commonwealth.

En tant que membre du Conseil, la Société a approuvé la recommandation mentionnée en qualité de membre de la délégation canadienne.

Grâce à ces nouvelles dispositions, la Société se situe en solide position, position lui permettant de développer un système de comptabilité réalisée et plus à point lequel elle pourra baser sa planification.

L'Organisation internationale des télécommunications par satellite (INTELSAT)

Le rapport précédent annonçait qu'une décision po

été prise en ce qui concerne les dispositions finales po

"Honorables Gérard Pelletier
Ministre des Communications, Ottawa

Monsieur le Ministre,
Au nom du Conseil d'administration, j'ai le plaisir de
présenter le vingt-troisième rapport annuel de la Société
à l'année financière se terminant le 31 mars 1973.

Situation financière

Le tableau suivant donne la répartition des principaux
postes pour la période considérée:

Les revenus en 1972-1973 se chiffrent à \$44 471,089
et \$36,792,767 l'an dernier, ce qui représente une aug-
mentation de 21 p. cent.
La dépréciation a atteint le chiffre de \$8,442,150 en
1973 comparativement à \$7,035,555 en 1971-1972.
Les intérêts sur les avances gouvernementales ont
augmenté de 20 p. cent.
Les intérêts sur les avances gouvernementales ont
augmenté de 5 p. cent, soit de \$2,107,856 à \$1,993,335 et
sur le revenu a augmenté de 30 p. cent, soit de
\$9,000 à \$8,205,000.

L'accroissement du bénéfice net, de \$6,885,131 en
1972 à \$9,940,824 en 1972-1973, reflète une augmen-
tion générale appréciable dans l'utilisation des services
Société, utilisation décrite en détail dans les rubriques
des états financiers présentés ci-après pour les douze
mois terminant le 31 mars 1973 ont été vérifiés par l'Au-
diteur général du Canada et une copie du rapport de ce der-
nier est jointe.

Services

L'année écoulée a été caractérisée par une expansion
importante des télécommunications outre-mer et par une aug-
mentation correspondante de nos revenus.

Télex

Les revenus du service télex ont augmenté de 30,7%.
L'augmentation est attribuable à l'utilisation, durant les
trois mois complets, de l'équipement de communication auto-
matique (COMTEX), mis en service en août 1971. Le
service télex complètement automatisé a été mis à la disposition
de tous les pays, ce qui porte à 50 le nombre de pays qui
ont un service télex. Les revenus de ce service ont augmenté de
15 p. cent.

Téléphone

Les revenus du téléphone ont augmenté de 28,1% en
1973. L'utilisation commerciale du service téléphonique
continue à s'accroître. Quant au trafic social pour
les appels d'urgence, il accuse une nette tendance à la hausse.
En 1971-1972, la Belgique, la République fédérale
d'Allemagne, la Suisse et la Grèce ont établi avec le Canada
un système de Numérotation automatique d'abon-
nement (ISD). Par ailleurs, et tel que le laissait prévoir
l'annuel de l'an dernier, ce système a été mis en
service en août 1972.
L'entrée en vigueur du traité de libre-échange entre le Canada
et les nations littorales du Pacifique (le trafic qui connaît un
accroissement régulier) grâce à l'installation de circuits

une telle liaison entre ces trois pays et le Canada

durant l'année en cours.

Télégraphe

Les revenus du télégraphe ont augmenté de 16 p. cent
comparativement à l'année précédente. Cette hausse signi-
ficative découle de la prise en mains, par la SCTT, de la
fonction exploitation de la Western Union International
(ANGLO/WUI), au Canada. Nous prévoyons que les revenus
provenant de cette source accuseront un accroissement
plus faible dans l'année à venir, ce marché tendant à de-
venir rigide, en raison d'une augmentation de l'utilisation
des autres services.

Circuits loués

Les revenus des circuits de location ont diminué de
3,4% en 1972-1973 en raison de la résiliation de la location
de services fournis à d'autres entreprises de télécommu-
nications. Toutefois, la location augmentée dans le secteur
privé, à la suite, d'une part, de l'expansion de l'activité
commerciale à l'échelle mondiale et, d'autre part, du besoin
de communications plus perfectionnées, à savoir, le réseau
privé incorporant les services à fréquence vocale, les ser-
vices télégraphiques et de transmission de données.

Station terrestre sur la côte ouest

Notre station terrestre de satellite, située à Lake-
Cowichan, île de Vancouver, qui était en construction depuis
deux ans, a été inaugurée le 26 septembre 1972 par le Ministre
des Communications d'alors, l'Honorable Robert Stanbury.
Les circuits de satellite reliés à l'Australie, à Hong-Kong, au
Japon et aux Philippines, qui étaient auparavant achetés
par la station terrestre des Etats-Unis, à Jamesburg (Calif.-
forme), sont à présent exploités par la station de la SCTT.
En juillet 1973, il est prévu que des circuits directs de
téléphone et de télex seront établis par satellite avec la
République populaire de Chine maintenant que la nouvelle
station terrestre a été achevée.

Développements dans la région du Pacifique

La Société et ses associés du Commonwealth, de
concert avec les sociétés américaines d'exploitation de télé-
communications internationales, continuent d'explorer les
moyens d'accroître les services de câbles à travers le Paci-
fique afin de maintenir un certain équilibre entre les circuits
de satellites et les circuits de câbles. Le câble transpaci-
fique du Commonwealth (COMPAFC), entre le Canada, la
Nouvelle-Zélande et l'Australie, achevé par Hawaï et Fiji
est exploité, à l'heure actuelle, à plein rendement. On a pu,
cependant, répondre au besoin en trafic entre le Canada
et les nations littorales du Pacifique (le trafic qui connaît un
accroissement régulier) grâce à l'installation de circuits



Jean-Claude Delorme
Président et
Directeur général



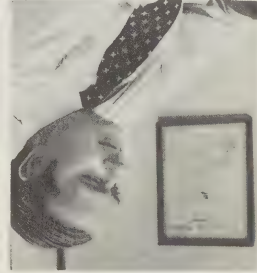
J. S. Crispin
Vice-Président,
Opérations



Hubert Potvin
Directeur,
Relations publiques



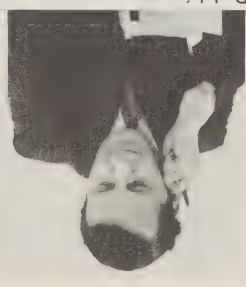
E. Eliassen
Premier Vice-Président



D. V. Doran-Veevers
Directeur,
Projets spéciaux



Robert Séguin
Directeur,
Service d'ingénierie



D.-J. Lévesque
Secrétaire et
Conseiller juridique



Normand Hébert
Directeur du Personnel



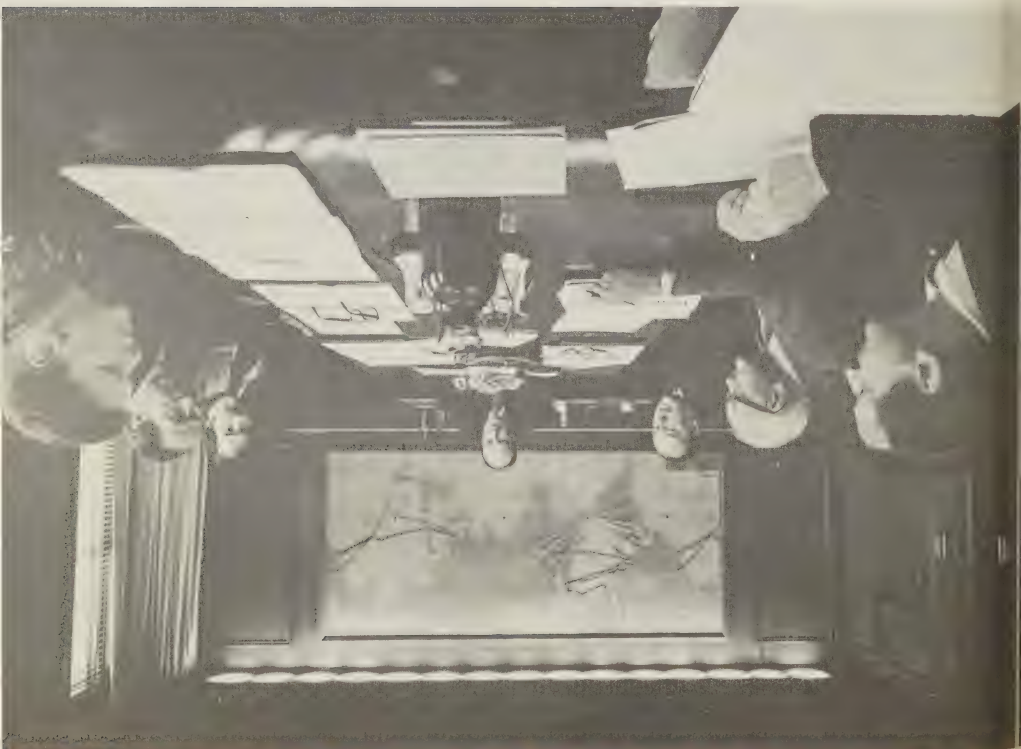
F. P. Urbanski,
Directeur,
Services intégrés
de gestion



N. T. Byrne
Vice-Président,
Marketing



Yves Langlois
Directeur,
Services financiers



De gauche à droite: **Donat-J. Lévesque**, Secrétaire
 Conseiller juridique; **E. Bragg**, Président, Bragg Lumber
 Company, Collingwood, N.-E.; **R.-G. Lefrançois**, Président,
 Adair Limited, Montréal, Québec; **Jean-Claude DeJorne**,
 Président, Ministère des Communications, Ottawa, Ontario;
De Montigny Marchand, Sous-Ministre adjoint,
 Communications, Ministère des Communications, Ottawa, Ontario;
Mercier, C.R., Stikeman, Elliot, Tamaki, Mercier & Robb,
 Montréal, Québec; **Mme A. Tomlinson**, Directeur général des
 Relations, Oxfarm Trading Company, Toronto, Ontario.
 Mme Tomlinson a été nommée Administrateur le 1er
 1973 pour une période de trois ans. Elle remplace
 Gillis Purcell de Toronto qui a démissionné en juillet 1972
 1960.

La Société canadienne des Télécommunications transmarines

625, rue Belmont, Montréal 101, Québec

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Stations et bureaux
 Corner-Brook, Terre-Neuve
 Deer-Lake, Terre-Neuve
 St-Jean, Terre-Neuve
 Beaver-Harbour, N.-E.
 Hallifax, N.-E.
 Mill-Village, N.-E.
 Grosses-Roches, Québec
 Yamachiche, Québec
 Drummondville, Québec
 Toronto, Ontario
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Compagnie canadienne
d'électroniques
marines

23^e Rapport annuel
pour l'année se terminant
le 31 mars 1973



Canada

Canadian Overseas
Telecommunication
Corporation

24th Annual Report
for the year ended
March 31, 1974

CT

Ass



Canadian Overseas Telecommunication Corporation

625 Belmont, Montréal, Québec H3B 2M2
Telephone (514) 874-8181

Telex calls originating in
North America:01-26178
Answer back:OSEATEL MTL

Telex calls originating
outside North America:9100
Answer back:OSEATEL MTL

Cable address:OSEATEL MONTRÉAL

Cablegrams:(514) 866-2501

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Stations and Offices:

Corner Brook, Newfoundland
Deer Lake, Newfoundland
St. John's, Newfoundland
Beaver Harbour, Nova Scotia
Halifax, Nova Scotia
Mill Village, Nova Scotia
Grosses Roches, Québec
Yamachiche, Québec
Drummondville, Québec
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Cover:

Splicing the cable. In the background is the Canadian cable ship / icebreaker CCGS JOHN CABOT which laid the Canadian portion of the 1,840-circuit transatlantic telephone cable CANTAT 2.

erratum pages 11, 13

The Auditor General's name
should read J. J. Macdonell

Le nom de l'Auditeur général
est J. J. Macdonell

Corporate Symbol

"In order to help enhance and project its image, the Corporation commissioned the design of an emblem to reflect the nature of its business. The symbol . . . is a modified maple leaf. The arrows express movement upward toward the satellites and outward around the world. The waves represent the sea and cables. The rigid lines portray communication channels. This emblem is meant to symbolically and graphically represent the activities of the Corporation as a Canadian carrier of international telecommunications services."

Excerpt from the President's Report, p. 7



Board of Directors

Jean-Claude DELORME
Chairman of the Board

E. BRAGG
President
Bragg Lumber Company
Collingwood, Nova Scotia

Joseph H. COHEN
Executive Vice-President
General Distributors Limited
Vancouver, British Columbia

Roland G. LEFRANÇOIS, Q.C.
President
Nordair Limited
Montréal, Québec

De Montigny MARCHAND
Senior Assistant Deputy Minister
Policy
Department of Communications
Ottawa, Ontario

François MERCIER, Q.C.
Stikeman, Elliott, Tamaki, Mercier and Robb
Montréal, Québec

Mrs. A. TOMLINSON
General Manager of Operations
Oxfam Trading Company
Toronto, Ontario

General Management Group

Jean-Claude DELORME
President and General Manager

Ernst ELIASEN
Senior Vice-President

Donat J. LÉVESQUE
Secretary and General Counsel

N. T. BYRNE
Vice-President, Marketing

J. S. CRISPIN
Vice-President, Operations

D. V. DORAN-VEEVERS
Director, Special Projects

Normand HÉBERT
Director, Personnel

Yves LANGLOIS
Director, Financial Services

Hubert POTVIN
Director, Public Relations

Robert SÉGUIN
Director, Engineering Services

F. P. URBANSKI
Director, Management Information Systems



President's Report

The Honourable Gérard Pelletier
Minister of Communications
Ottawa

Sir:

On behalf of the Board of Directors, I am pleased to submit herewith the Corporation's Twenty-Fourth Report covering the fiscal year ended March 31, 1974.

Financial Position

The main items for the period under review are summarized as follows:

Income in 1973-74 amounted to \$44,796,454, compared with \$44,477,449 in 1972-73.

Depreciation rose by 6 per cent to \$8,934,832 in 1973-74 from \$8,442,150 in 1972-73.

Interest on Government Advances increased by 3 per cent to \$2,057,976 from \$1,993,335, and Income Tax increased by 18 per cent to \$9,662,385 from \$8,205,000.

Income before taxes increased by 9 per cent to \$19,820,275 in 1973-74 from \$18,145,824 in 1972-73 while Net Income for the year increased to \$10,157,890 from \$9,940,824.

Financial Statements for the year ended March 31, 1974, submitted herewith, have been audited by the Auditor General of Canada and a copy of his report is included.

Impact of New Financial Arrangements on Revenue and Expenses

On April 1, 1973, the new Commonwealth Telecommunications Financial Agreement 1973 became effective and superseded the former financial arrangements in force until that date. Consequently, and as mentioned in Note 2 to the attached Financial Statements, the results shown for the year under review are not strictly comparable with those of the previous years, particularly as regards income and the estimated contribution from the Commonwealth Network.

Under the new financial arrangements, the total expense of Commonwealth partnership facilities is shared by the partners in proportion to the volume of traffic they put on the system whereas, under the former arrangements, the total expense of the partnership facilities was shared by the partners in proportion to their reported income. Thus, while the impact of the new accounting arrangements on the revenues of the Corporation was significant, it was substantially offset by a reduction in the Corporation's share of the operating expense of the Commonwealth network. While revenues increased only marginally in 1973-74, the year under review nevertheless saw a continuation of the growth in the volume of overseas telecommunications. In this context, during the "phasing-in" period of the new accounting arrangements, a comparison of traffic

volumes is a more appropriate yardstick than revenues. The following table illustrates the pertinent data for each of the major public services:

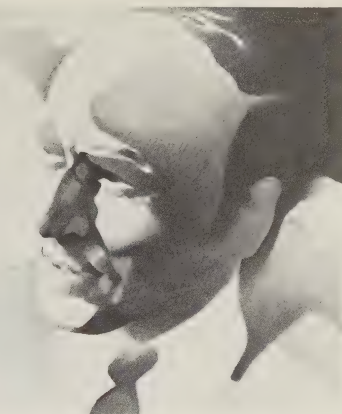
	Volumes for 1973-74 and 1972-73 ('000 Mins/Words)		
	1973-74	1972-73	Variance
Telephone	33,400	25,000	+33.6%
Telex	9,600	8,000	+20.0%
Telegraph	49,200	49,500	- 0.6%

CANTAT 2

The highlight of the year under review was the putting in service of the Corporation's new transatlantic cable, CANTAT 2. This event is particularly significant since it coincides with the centennial of the invention of the telephone, on July 26, 1874, by Alexander Graham Bell at his home in the small Ontario town of Brantford. The inauguration of such a high-capacity cable provides a measure of the striking progress achieved in the field of telecommunications. This new cable is capable of carrying 1,840 simultaneous telephone calls, more than all other existing transatlantic cables in the North Atlantic combined.

The number of telephone calls between Canada and the United Kingdom alone has increased from 135,000 per year in 1962 (a year after the 80-circuit CANTAT 1 went into service) to over a million in 1973. By 1980, the annual number of calls is expected to be as high as six million.

To meet this anticipated traffic growth, the Post Office (U.K.) and COTC decided jointly on a high capacity cable, CANTAT 2. The new cable is more than just a telephone link between Canada and the U.K., however; it is a communications highway between North America and Europe for telex, telegraph and data services as well as for telephone.



Planning, designing, manufacturing, laying and testing CANTAT 2 was a five-year, \$70 million joint project of the Post Office (U.K.) and COTC, involving many organizations. The British and Canadian Hydrographic offices, the British National Institute of Oceanography and the Bedford (Nova Scotia) Institute of Oceanography were called upon to assist with surveys to select the best cable route.

Three ships laid 2,800 nautical miles of cable between Beaver Harbour, Nova Scotia, and Widemouth Bay, Cornwall, England from June to December 1973.

The combination cable ship/icebreaker CCGS John Cabot laid 150 nautical miles of cable across the Canadian continental shelf. The John Cabot is the only cable ship in the world with the proven manoeuvrability and power needed to tow the 16-ton pout designed and built by American Telephone and Telegraph Company to bury cables in order to protect them from damage by trawlers in such heavily fished waters as off the Nova Scotian Coast. The Post Office Cable Ship Ariel laid the cable across the British continental shelf, while the Cable and Wireless Limited Cable Ship Mercury laid the deep water section, some 2,600 nautical miles, in five lays.

International Hydrodynamics Company Ltd. of Vancouver designed and built the mini-submersibles PISCES III and V which were used on both continental shelves to bury repeaters by directing powerful jets of water into the seabed.

The Submarine Cables Division of Standard Telephones and Cables Ltd. of England manufactured the cable and repeaters, which are spliced into the cable every six nautical miles. Héroux Ltd. of Longueuil, Québec, manufactured precision repeater casings. Pye TMC Canada supplied the multiplex and interface equipment necessary to connect the cable from Beaver Harbour to the rearward microwave systems for traffic to Montréal and Toronto. Northern Electric Company Limited of Montréal provided terminal system multiplex equipment associated with the CANTAT 2 system at Montréal and Toronto. Work was completed ahead of schedule and CANTAT 2 went into service in mid-March, some two weeks prior to the target date of April 1, 1974.

CANTAT 2 was officially inaugurated by the Right Honourable Harold Wilson, Prime Minister of the United Kingdom, and the Right Honourable Pierre Elliott Trudeau, Prime Minister of Canada, on June 21, 1974.

The laying of the cable was not without its dramatic moments. In August 1973, as it was burying repeaters along the continental shelf off the coast of Ireland, the mini-submarine PISCES III sank in over 1,500 feet of water. For three days the world followed the progress of efforts to rescue the two-man crew. Fortunately, the CCGS John Cabot was on a new assignment in the area and rushed immediately to the scene. The Corporation is indeed proud of Captain Gordon H. Warren and the crew of the CCGS John Cabot who contributed substantially to locating and rescuing the trapped men and their craft.

Beaver Harbour Terminal

Beaver Harbour, a tiny fishing village some 90

miles northeast of Halifax, Nova Scotia, was chosen as the site for the Canadian terminal of CANTAT 2. The new terminal building was completed in the spring of 1973 and installation of equipment began immediately. The pace quickened at Beaver Harbour once the Canadian portion of the cable was spliced to the deep-water section in December 1973; acceptance tests of cable and equipment were carried out on a 24-hour basis and completed ahead of schedule. A staff of 14 has been assigned to the new station which was officially opened on June 21, 1974 by the Honourable Gérard Pelletier, Minister of Communications.

The Corporation has leased circuits on a new microwave facility built by CN/CP Telecommunications to carry traffic destined for the COTC International gateway in Montréal. Some traffic is also being carried over CN/CP facilities to the Telesat Canada earth station at Harrietsfield, near Halifax, for long-haul transmission over the ANIK I satellite to the Telesat earth station at Allan Park, Ontario, and from there to the new COTC switching centre in Toronto on facilities provided under lease by Bell Canada. Traffic destined for U.S. customers is routed over the microwave systems of the Maritime Telephone and Telegraph Company and the New Brunswick Telephone Company Limited to Saint John, New Brunswick, where it is linked to an existing microwave system for transmission to the U.S. border.

Toronto Gateway

At the end of the period under review, the Corporation was about to inaugurate its new international telephone gateway and switching centre in Toronto to serve the southwest area of Ontario where the traffic density is particularly high. This new installation is designed to complement the Corporation's main gateway located in Montréal and thus minimize the risk of service disruption. It will, in addition, allow for optimum efficiency in the utilization of the Canadian domestic satellite system.

The new Toronto Gateway project, a transmission and switching centre in Scarborough, was completed in June 1974. The new gateway opened with 99 telephone circuits, all directed to and from the new CANTAT 2 cable via ANIK I. The Corporation signed an agreement in March 1974 with Telesat Canada to lease one Radio Frequency (RF) channel on ANIK I with an eventual capacity of 400 telephone circuits. The official opening of the gateway is scheduled to take place in the fall of 1974.

Services

a) Telephone

Although person-to-person telephone service has been available to most overseas points for many years, station-to-station service is being introduced as traffic volumes warrant it. In the past fiscal year, for example, such service was introduced to smaller points with which there is an increasing amount of traffic, such as Kenya, Tanzania, Uganda, the Philippines, Madeira, Singapore, Cayman Islands, and Cyprus.

In co-operation with the French Department of Post, Telegraph and Telephone, the Corporation introduced reduced rate telephone service with France on September 1, 1973. International Subscriber Dialing (ISD) was introduced from France and Italy to Canada in September 1973 making that service available now from seven countries including Belgium, The Federal Republic of Germany, Greece, Switzerland, and the U.K. Negotiations are underway with other countries to make ISD available in the near future.

b) Telex

The Corporation now offers telex service to 176 overseas points, virtually every overseas location where telex service is available. Fully automatic service, i.e. subscriber-to-subscriber dialing without the assistance of an operator, is available to 68 of the 176 overseas points.

In response to a continued strong growth in demand for international telex service, COTC's computerized telex exchange was expanded as of September, 1973, to twice its initial capacity. The expanded capacity is expected to suffice until late in 1975 and future expansion is currently under study.

Sustained growth in traffic between Canadian TWX subscribers and overseas telex stations has necessitated the replacement of the existing TWX/telex conversion facilities with a larger-capacity system. A new system developed by, and purchased from, Canadian Marconi Company Ltd. of Montréal went into service in August 1974.

c) Telegraph

Increasing utilization of telephone and telex services generally has resulted in a shift away from telegraph service. This trend, which appears to be world-wide, is expected to continue in ensuing years although it must be observed that this year's traffic volume was only marginally less than last year's.

d) Leased Circuits

Leased Circuit revenues decreased by 6.2 per cent in 1973-74, primarily as a result of changed accounting treatment accorded facilities leased to other telecommunications carriers. However, leases in the private sector continue to increase, due to expanding world-wide trade activities and a growing demand for more sophisticated communications services.

e) Data and Special Services

Although still relatively small, the requirement for international digital data communications continues to grow and is expected to result in the development of new services. Consequently, COTC has initiated a program for the study and early development of new telecommunications services designed specifically for world public digital data communications.

The Corporation participated with the Québec Department of Communications in two live experimental teleconferences between Québec and France. The teleconferences are part of an ongoing Québec-

France program of exploration into the modern uses of television. The Corporation was particularly interested in these experiments as they are a relatively new form of international communications. The teleconferences also provided the Corporation with an opportunity to test a new satellite transmission technique in actual service.

The video facility at our Lake Cowichan earth station was used for the telecast of the Commonwealth Games from Christchurch, New Zealand, in January 1974. Since it was opened in September 1972, the Lake Cowichan station has been providing direct telephone, telex, telegraph and leased circuit services to Australia, Japan, Hong Kong, the Philippines, and New Zealand via the INTELSAT satellite over the Pacific. Direct service to the People's Republic of China was added in 1973 to carry traffic which had previously been routed to Peking by HF radio and submarine cables.

Discussions are now underway with the Canadian Olympics Organizing Committee (COJO) and the Olympics Radio and Television Organization (ORTO) for overseas broadcast of the 1976 Summer Olympics from Montréal. The Corporation is currently examining the best possible facilities to provide overseas transmission of the radio and television coverage of the Games as well as to handle the anticipated heavy traffic in public switched services to serve the many visitors during the three-week period July 17 to August 1, 1976.

During the Ninth Commonwealth Heads of Government Conference held in Ottawa in July and August 1973, the Corporation provided staff and equipment to offer reporters on-the-spot telex, telegraph, and facsimile service to overseas destinations. During the two weeks, some 80,000 words of copy, 3,500 minutes of telex messages, and 68 photographs were sent via our facilities, while nine television programs and 153 radio programs were broadcast overseas.

Pacific Area Developments

The Corporation, its Commonwealth partners, and American international carriers are continuing to explore means of increasing cable facilities across the Pacific in order to maintain a relative balance between satellite and cable circuits and to meet ever-growing traffic demands. The first step is a new SF submarine cable linking California, Hawaii, Guam and Okinawa which is expected to go into service in August 1975.

In co-operation with the Overseas Telecommunications Commission of Australia, the Corporation is installing new TASI (Time Assigned Speech Interpolation) equipment at the Vancouver Gateway which will substantially increase capacity between Canada and Australia on the COMPAC and SF cables.

Our Lake Cowichan station has enabled us to accommodate the steady growth in traffic between Canada and Pacific rim countries by setting up additional satellite circuits. For the first time since its opening, that station was also available to re-route traffic interrupted by a COMPAC cable break. Pre-

viously, such traffic had to be re-routed via U.S. facilities which added considerably to the overall cost of maintaining uninterrupted traffic during cable repairs.

International and domestic relations

Due to the nature of its services and considering that the management of its business is, to a large degree, based on arrangements made with foreign and domestic administrations, the Corporation must participate actively in a number of international and domestic organizations such as the Commonwealth Telecommunications Council, the Commonwealth Cable Management Committee, the International Telecommunications Satellite Organization (INTELSAT), the International Telecommunications Union, the Canadian Telecommunications Carriers Association, and many related committees and subcommittees. The activities of these organizations and committees cover all aspects of telecommunications in the technical, operational and financial fields.

Likewise, the Corporation endeavours to maintain close relations with Canadian suppliers to keep them properly informed of needs and developments in the international telecommunications systems, thus assuring their timely and effective contribution to the developments of the Corporation as well as to the developments of the international systems. In this respect, a meeting with representatives of the Canadian electronics industry took place in June 1974 to brief them on a new technique called TDMA (Time Division Multiple Access) which is expected to be a major development in the field of international satellite communications. The Corporation wishes to participate with INTELSAT in this TDMA project.

a) *Intelsat*

Canada was one of the initial 11 member countries of, and still holds the same investment share in, INTELSAT which was formed in 1964 to provide and operate a global system of communications satellites over the Atlantic, Pacific and Indian oceans. These satellites provide full-time communications services to nearly 100 locations through 86 antennas at 69 earth station sites in 52 countries.

Ernst Eliassen, Senior Vice-President of the Corporation, served as first Chairman of the Board of Governors of INTELSAT following acceptance of the definitive arrangements in February 1973. Mr. Eliassen relinquished the position in May 1974 upon completion of his term of office but remains a governor and the Corporation's representative.

To meet INTELSAT standards, the Corporation is upgrading both the antenna and the ground station equipment at Mill Village No. 1. This station was built for experimental purposes by the Ministry of Transport in 1964 and was operated by COTC under agreement with MOT and the Department of Communications until it was purchased by the Corporation in 1972.

By 1988 it is expected that some 100,000 voice channels will be required to provide telecommunica-

tions services between North America and Europe where roughly 10,000 channels are now in use via the two INTELSAT satellites over the Atlantic. The Corporation participates actively in experiments conducted by INTELSAT to ensure that capacity is at all times adequate and that the growth in traffic is met in the most efficient manner.

b) *Commonwealth*

Commonwealth countries make use of each other's external communications facilities, thus forming a worldwide network utilizing submarine cables, high frequency radio, and satellites. Canada's unique geographical position in this telecommunications network enables COTC to carry transit traffic from Commonwealth countries in off-peak hours, creating a twin peak load resulting in better use of existing equipment.

The President and General Manager of the Corporation was elected Chairman of the Commonwealth Telecommunications Council (CTC) at the 11th meeting of that organization held in Bangalore, India, in July 1973. The CTC, through which Commonwealth countries co-ordinate their international telecommunications facilities and services, is the permanent body of the Commonwealth Telecommunications Organization (CTO) whose purpose is to promote the efficient exploitation and development of the Commonwealth external telecommunications system.

The role of the CTC, which comprises representatives of 24 operating entities, is to advise, consult and record agreements reached and make recommendations on all external telecommunications matters affecting systems planning, operations, finance, marketing, and research of Commonwealth interests.

The COTC President is also Chairman of the Standing Committee of Council which was established in November 1972 to assist the Council in all aspects of its business, to oversee the work of all the specialist working groups and to make recommendations to Council. The Corporation hosted a meeting of the Standing Committee of Council in Montréal in April 1974. The main purpose of the meeting was to review issues left outstanding in relation to the new financial arrangements agreed upon at the Commonwealth Telecommunications Conference in November 1972.

Likewise in April 1974, the Corporation hosted a meeting of the Commonwealth Cable Management Committee, of which the COTC President was then Chairman. The meeting dealt mainly with the ongoing operational problems of the COMPAQ and SEACOM cable systems in the Pacific which are owned jointly by the partners represented on the Committee.

Personnel

In 1972, the Corporation initiated a major program aimed at improving the bilingual character of the Corporation and of the individuals acting on its behalf. Some 150 Head Office employees enrolled in English and French language courses set up espe-

cially for them in September 1973. Across the country, other employees are also taking advantage of the opportunity to learn a second language and are attending classes at local schools and colleges.

In the area of labour relations, all three collective agreements came up for negotiation. A memorandum of agreement was signed with Local 272 of the Overseas Communications Union (CLC) for a two-year contract from October 1, 1973 to September 30, 1975. The Conditions of Employment for locally engaged technical staff at our Hawaii cable station were negotiated and agreement was reached in March 1974 covering the two-year period beginning January 1, 1974. Negotiations began in April 1974 with Local 1653 of the Telecommunications Workers Union (CLC) covering the clerical staff.

Corporate Symbol

In order to help enhance and project its image, the Corporation commissioned the design of an emblem to reflect the nature of its business. The symbol, as introduced at page 1, is a modified maple leaf. The arrows express movement upward toward the satellites and outward around the world. The waves represent the sea and cables. The rigid lines portray communication channels. This emblem is meant to symbolically and graphically represent the activities of the Corporation as a Canadian carrier of international telecommunications services.

The Future

The Corporation's short existence has spanned an age incomparable in history for change and technological progress. When it was set up in 1950, COTC acquired existing overseas facilities which amounted to three telephone and 13 telegraph circuits provided by HF radio and telegraph cables. Today, less than 25 years later, COTC has built up a modern international telecommunications system providing Canadians with telephone, telegraph, telex, video and data transmission services to just about every country in the world through interconnections with global networks of submarine cables, satellite circuits, and HF radio circuits.

As we complete our first quarter century of public service, we can look forward to even greater change and progress. The ever-increasing demand for overseas communications is pressing the Corporation, and indeed all telecommunications entities, to investigate newer and more efficient techniques to carry traffic around the globe. With the help of highly skilled personnel, COTC is involved in many projects to increase traffic-carrying capability, improve services, and contribute to the advancement of communications technology.

Board of Directors

We were pleased to welcome to our Board of Directors Mr. Joseph H. Cohen, Executive Vice-President of General Distributors Ltd. of Vancouver, who was appointed on August 1, 1973 for a three-year period replacing Mr. W. S. Pipes, also of Vancouver, whose term of office expired on April 8, 1973. We

would like to express our appreciation to Mr. Pipes for his valuable contribution during the years he served as a director of the Corporation.

Acknowledgment

On behalf of the Board, and in my capacity as President and General Manager, I wish to thank all the members of our staff for their continued co-operation and support in the past year. I would also like to add a special word of congratulations to all those who contributed to the successful planning, design, manufacture, and installation of CANTAT 2 over the past five years, as well as to those responsible for bringing our Beaver Harbour Station and our Toronto Gateway into service.



Jean-Claude Delorme
President and General Manager

Statement of Income and Expense for the year ended March 31, 1974

(with comparative figures
for the year ended March 31, 1973)

Canadian Overseas Telecommunication Corporation

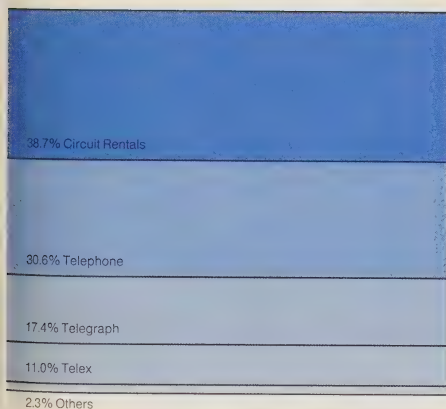
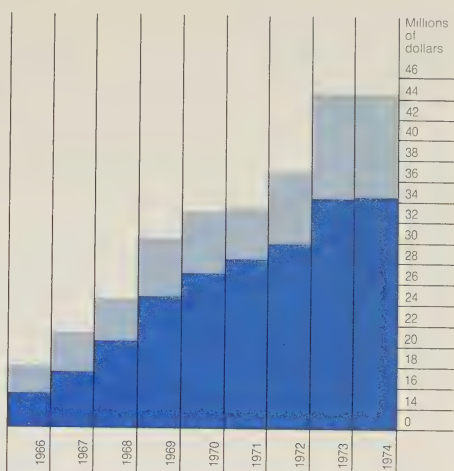
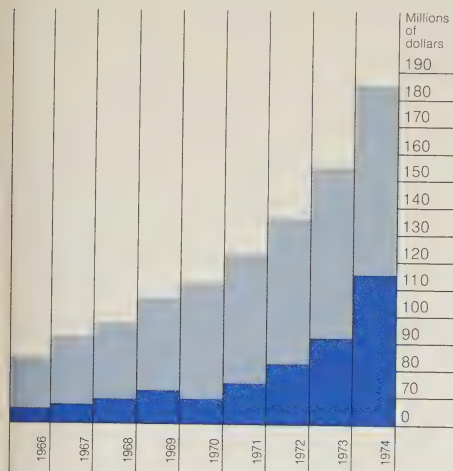
	1974	1973
Income:		
Telegraph, telephone, telex, circuit rentals, satellite, etc. (Note 2)	\$ 44,796,454	\$ 44,477,449
Expense:		
Operating salaries and wages	6,906,373	6,494,939
Administrative salaries	4,022,504	2,833,090
Employees' benefits	1,086,281	775,441
Depreciation	8,934,832	8,442,150
Rental of circuits, etc.	6,156,727	5,898,794
Maintenance and repairs — plant and equipment	4,610,114	2,916,728
Interest	2,057,976	1,993,335
Other operating and administrative expense	3,719,725	1,654,260
	37,494,532	31,008,737
Deduct:		
Estimated amount recoverable from Commonwealth Network (Note 2)	9,290,350	3,500,000
Portion of expense capitalized	3,228,003	1,177,112
	12,518,353	4,677,112
	24,976,179	26,331,625
Net income before taxes	19,820,275	18,145,824
Current income tax	6,629,160	7,205,000
Deferred income tax	3,033,225	1,000,000
	9,662,385	8,205,000
Net Income for the year	\$ 10,157,890	\$ 9,940,824

Statement of Source and Application of Funds for the year ended March 31, 1974

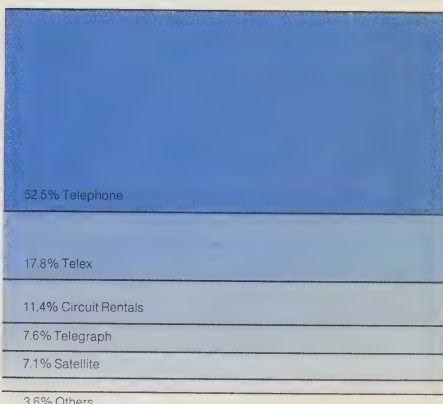
(with comparative figures for the year ended March 31, 1973)

Sources of funds:		
Net income for the year	\$ 10,157,890	\$ 9,940,824
Expenses not requiring cash outlay		
Depreciation and amortization	8,934,832	8,442,150
Increase in deferred income tax	3,033,225	1,000,000
Funds from operations	22,125,947	19,382,974
Advances from Canada	6,000,000	—
	28,125,947	19,382,974
Application of funds:		
Purchase of capital assets (Net)	32,378,952	18,913,196
Current portion of advances from Canada	8,665,331	2,538,713
	41,044,283	21,451,909
Decrease in working capital	12,918,336	2,068,935
Working capital at beginning of year	6,365,645	8,434,580
Working capital (deficiency) at end of year	\$ (6,552,691)	\$ 6,365,645

The accompanying notes are an integral part of the financial statements.



1966 Allocation of revenue according to source



1974 Allocation of revenue according to source

Balance Sheet as at March 31, 1974

(with comparative figures as at March 31, 1973)

Canadian Overseas Telecommunication Corporation

(Established by the
Canadian Overseas Telecommunication Corporation Act)

Assets	1974	1973
Current:		
Cash	\$ 127,622	\$ 318,530
Short-term deposits	11,237,328	9,150,000
Accounts receivable	15,701,027	12,861,978
Income taxes recoverable	1,005,727	(104,495)
Prepaid expenses	205,113	128,413
	28,276,817	22,354,426
Capital Assets, at cost: (Note 1)		
Land and buildings	15,945,335	15,397,813
Cable systems and technical equipment	154,616,838	126,959,110
International satellite system (Space Segment)	15,253,643	11,876,448
	185,815,816	154,233,371
Less:		
Accumulated depreciation	70,597,316	62,458,991
	115,218,500	91,774,380
	\$143,495,317	\$114,128,806

The accompanying notes are an integral part of the financial statements.

Certified Correct:



President and General Manager

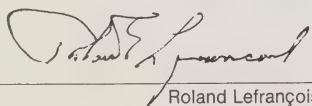
J.-C. Delorme

Approved:



Director

P. Ann Tomlinson

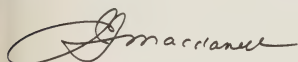


Director

Roland Lefrançois

Liabilities	1974	1973
Current:		
Accounts payable	\$ 22,700,335	\$ 11,236,785
Estimated amounts due to Commonwealth Network (Note 2)	3,463,842	2,213,283
Advances under Section 12 of the Act (Current portion)	8,665,331	2,538,713
	34,829,508	15,988,781
Deferred income tax	9,353,532	6,320,307
Proprietary Equity of Canada:		
Advances under Section 12 of the Act (Note 3)	41,054,141	37,592,854
Less: Current portion	8,665,331	2,538,713
	32,388,810	35,054,141
Retained earnings:		
Balance at beginning of year	56,765,577	46,824,753
Net income for the year, per Statement of Income and Expense	10,157,890	9,940,824
Balance at end of year	66,923,467	56,765,577
	99,312,277	91,819,718
	\$143,495,317	\$114,128,806

I have examined the above Balance Sheet and the related Statements of Income and Expense and Source and Application of Funds and have reported thereon under date of June 17, 1974 to the Minister of Communications.



Auditor General of Canada

J. J. Macdonald

Notes to financial statements for the year ended March 31, 1974

1. As at March 31, 1974, the estimated cost of completing capital projects, as approved by the Governor in Council, amounted to approximately \$58,200,000 (1973 — \$68,100,000), of which \$25,600,000 (1973 — \$37,900,000) relates to the subsequent year.
2. (a) Under the new financial arrangements relating to partnership facilities adopted by the Commonwealth Telecommunications Organization with effect from April 1, 1973:
 - (i) income arising from traffic between partners generally is shared equally between them. Under the previous Wayleave arrangements the partner originating the traffic retained the majority of the income.
 - (ii) income arising from traffic transiting a partner is shared by the partners in proportion to the total volume of traffic put on the system by them. Previously transit income accrued directly to the transit partner.
 - (iii) expense of the partners is shared in proportion to the volume of traffic put on the system by them. Previously the total expense of the partnership facility was shared by the partners in proportion to their reported income.

Accordingly, the Corporation's income and expense recoverable from the Commonwealth Network for the year is not on a comparable basis with that of the preceding year.

- (b) The estimated expense recoverable from the Commonwealth Network, \$9,290,350, is the amount determined in the original estimate based on information submitted by the partners.

- (c) The amounts recoverable from the Commonwealth Network have been finalized to March 31, 1967 in the case of the arrangements for Wayleave I and to March 31, 1965 in the case of the arrangements for Wayleave II. The amount due to the Commonwealth Network represents the net total estimated amount payable for all years subsequent to the aforementioned dates, based on information available at the time of calculating the amount recoverable or payable for each year, and is the net amount of all instalments received less estimated recoveries to March 31, 1974.

Although present information is to the effect that the Corporation may in fact have no liability with respect to prior years, no adjustment has been made in the accounts to the recorded amount of \$3,463,842 since in accordance with past practice, adjustments are only effected for the years finalized.

It is the intention of the Partners to finalize all prior years as soon as can be arranged.

3. The advances from Canada, under Section 12 of the Act, bear interest at rates varying from $3\frac{1}{2}\%$ to $7\frac{1}{8}\%$ and are repayable, generally in semi-annual instalments, over varying periods extending to 1998, in accordance with the terms and conditions laid down by the Governor in Council. During the year the Corporation was advanced \$6,000,000 (1973 — Nil) by Canada, which is repayable in full on October 24, 1974.
4. Included in expense for 1974 is remuneration of six directors, as directors, \$3,200 (1973 — \$2,900) and of eleven officers, as officers, \$337,478 (1973 — \$304,364). One officer is also a director.

Auditor General's Report

Ottawa, June 17, 1974.

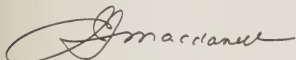
The Honourable Gérard Pelletier,
Minister of Communications,
Ottawa.

Sir,

I have examined the balance sheet of the Canadian Overseas Telecommunication Corporation as at March 31, 1974, the statements of income and expense and source and application of funds for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1974 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith, and the transactions that have come under my notice have been within the statutory powers of the Corporation.



J. J. Macdonald,
Auditor General of Canada.

erratum pages 11, 13

The Auditor General's name
should read J. J. Macdonell

Le nom de l'Auditeur général
est J. J. Macdonell

Highlights



The Canadian terminal of the 1,840-circuit transatlantic telephone cable CANTAT 2 is located at Beaver Harbour on the eastern shore of Nova Scotia some 90 miles from Halifax.

La station terminale où aboutit l'extrémité canadienne de CANTAT 2, le câble téléphonique transatlantique de 1,840 circuits, est située à Beaver-Harbour, à quelque 90 milles de Halifax, sur la côte est de la Nouvelle-Écosse.



The mini-submarine PISCES V used for burying CANTAT 2 repeaters by directing powerful jets of water onto the seabed.

Le mini-sous-marin PISCES V, utilisé pour enfouir les répéteurs de CANTAT 2 au fond de la mer à l'aide de puissants jets d'eau.

Points saillants

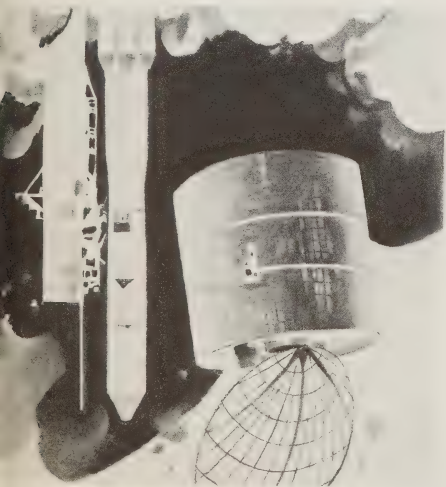


Les postes de contrôle de télévision dans la salle de commande principale de la station terrestre de Mill-Village, en Nouvelle-Écosse, d'où les signaux de télévision pour les téléconférences France-Québec ont été transmis et reçus par le truchement du satellite INTELSAT IV-F3, posté au-dessus de l'Atlantique.

Préparant the video tape recorder in the central control room of the Corporation's satellite earth station at Mill Village, Nova Scotia where TV signals for the Québec-France téléconférences were transmitted to and received from the INTELSAT IV-F3 satellite over the Atlantic Ocean.

ANIK I, le satellite de Télésat Canada qui assure des services de télécommunications à travers le Canada et surtout dans le Grand Nord. La SCTT a loué une voie à fréquences radioélectriques sur le satellite pour raccorder le câble CANTAT 2 à la nouvelle station terminale internationale de Toronto.

Télésat Canada's ANIK I, the Canadian domestic satellite which provides telecommunications services across Canada and especially to the far north. COTC has leased one Radio Frequency channel on the satellite to link the CANTAT 2 cable and the new Toronto Gateway.



Rapport de l'auditeur général

Ottawa, le 17 juin 1974

L'Honorable Gérard Pelletier
Ministre des Communications
Ottawa

Monsieur le Ministre,

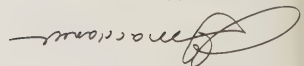
J'ai examiné le bilan de la Société canadienne des Télécommunications transmises au 31 mars 1974, ainsi que l'état des revenus et des dépenses et celui de la provenance et de l'utilisation des fonds pour l'année terminée à cette date. Mon examen a comporté une étude générale des méthodes comptables et les vérifications par sondage des documents comptables et autres pièces justificatives que j'ai jugés nécessaires dans les circonstances.

À mon avis, ces états financiers présentent fidèlement la situation financière de la Société au 31 mars 1974 et les résultats de ses opérations ainsi que la provenance et l'utilisation de ses fonds pour l'année terminée à cette date, conformément aux principes comptables généralement reconnus appliqués de la même façon que l'année précédente.

Je déclare en outre que, à mon avis la Société a tenu les livres comptables appropriés, que les états financiers y sont conformes et que les opérations dont j'ai eu connaissance ont été effectuées dans le cadre de ses pouvoirs statutaires.

Je vous prie d'agréer, Monsieur le Ministre, l'expression de ma considération distinguée.

L'Auditeur général du Canada,



J. J. MacDonald.

Notes aux états financiers pour l'année terminée le 31 mars 1974

1. Au 31 mars 1974, le coût estimatif de l'achèvement de projets immobiliers approuvés par le Gouvernement en Conseil s'élevait à environ \$58,200,000 (1973 — \$68,100,000), dont \$25,600,000 (1973 — \$37,900,000) se rapportant à l'année prenant fin le 31 mars 1975.
2. (a) En vertu des nouveaux accords financiers concernant les facilitées des pays associés adoptés par l'Organisation des Télécommunications du Commonwealth en vigueur le 1^{er} avril 1973:
 - (i) le revenu découlant du trafic entre les pays associés est en général également réparti entre eux. En vertu des accords précédents du concept principal du droit d'usage (Wayleave), le pays à l'origine du trafic s'appropriait la majeure portion du revenu.
 - (ii) le revenu dérivé du trafic de transit d'un pays associé est réparti entre eux en fonction du volume de trafic apporté par chaque pays associé au système. Auparavant le total des dépenses était réparti entre les pays associés en fonction du revenu déclaré par chacun.
- Conséquemment, les revenus de la Société et les dépenses recouvrables du réseau du Commonwealth pour l'année ne sont pas comparables à ceux de l'année précédente.
- (b) Le montant estimatif des dépenses recouvrables du réseau du Commonwealth, \$9,290,350, est le montant originellement estimé basé sur les informations fournies par chacun des pays associés.
- (c) Les montants recouvrables du réseau du

- Commonwealth ont été mis au point au 31 mars 1967 dans le cas des accords du concept principal du droit d'usage, partie I (Wayleave I) et au 31 mars 1965 dans le cas des accords de concept principal du droit d'usage, partie II (Wayleave II). Le montant du au réseau du Commonwealth représenté l'estime net total payable pour les années subséquentes aux dates ci-haut mentionnées, basé sur les informations disponibles au moment du calcul des sommes recouvrables ou dues pour chacune des années, et représentent le montant net de tous les versements reçus moins les recouvrements estimés au 31 mars 1974.
- Bien que les informations actuelles laissent supposer que la Société pourrait n'avoir aucun passif en ce qui a trait aux années précédentes, aucun ajustement n'a été fait au montant enregistré de \$3,463,842, conformément à la pratique antérieure, alors que des ajustements sont reliés pour les années qui ont fait l'objet d'une mise au point définitive. Il est de l'intention de tous les pays concernés de mettre au point toutes les années précédentes aussitôt que possible.
3. Les avances reçues du Canada en vertu de l'article 12 de la Loi portant intérêt à des taux variant de 3 1/2 % à 7 1/2 % et sont généralement remboursables par versements semestriels dont l'échéance s'échelonne jusqu'en 1998, selon les modalités établies par le Gouverneur en Conseil. Durant l'année, un montant de \$6,000,000 (1973 — Nil) a été avancé à la Société et est remboursable en entier le 24 octobre 1974.
4. Les frais d'exploitation pour l'année terminée le 31 mars 1974 comprennent la rémunération de six administrateurs, en tant qu'administrateurs, soit \$3,200 (1973 — \$2,900) et la rémunération de onze membres de la direction, en tant que directeurs, soit \$337,478 (1973 — \$304,364). L'un de ces derniers est aussi administrateur.

Passif

1973

Exigibilités:

\$ 11,236,785

Comptes à payer

2,213,283

Versements sur avances en vertu de l'article 12 de la Loi (Note 2)

2,538,713

34,829,508

15,988,781

Impôt sur le revenu différé

6,320,307

Avoir propre du Canada:

Avances en vertu de l'article 12 de la Loi (Note 3)

37,592,854

Moins: Versements échéant à court terme inscrits aux exigibilités

32,388,810

35,054,141

Bénéfices non répartis:

46,824,753

Solde au début de l'exercice

56,765,577

9,940,824

revenus et dépenses

10,157,890

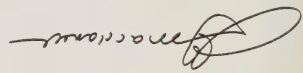
56,765,577

Solde à la fin de l'exercice

\$143,495,317

\$114,128,806

J'ai vérifié le bilan ci-dessus, ainsi que les états de revenus et dépenses et de la provenance et de l'utilisation des fonds y afférant et transmis mon rapport en date du 17 juin 1974 au Ministre des Communica-



J. J. Macdonald
L'Auditeur général du Canada

Actif	1974	1973
Disponibilités:		
Encaisse	\$ 127,622	\$ 318,530
Dépôts à court terme	11,237,328	9,150,000
Comptes à recevoir	15,701,027	12,861,978
Impôts à recevoir	1,005,727	(104,495)
Frais payés d'avance	205,113	128,413
	28,276,817	22,354,426
Immobilisations, au coût (Note 1):		
Terrains et bâtiments	15,945,335	15,397,813
Systèmes de câbles et équipement technique	154,616,838	126,959,110
Système international de satellites (secteur spatial)	15,253,643	11,876,448
	185,815,816	154,233,371
Moins:		
Amortissement accumulé	70,597,316	62,458,991
	115,218,500	91,774,380

Les notes jointes aux états financiers en sont
partie intégrante.

Certifié exact: 

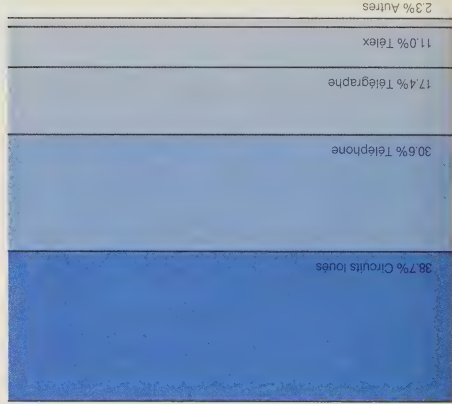
Le Président et Directeur général J.-C. Delorme

Approuvé: 

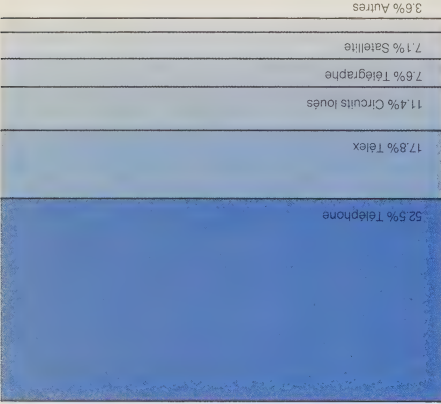
Administrateur P. Ann Tomlison

Administrateur  Roland Lefrançois

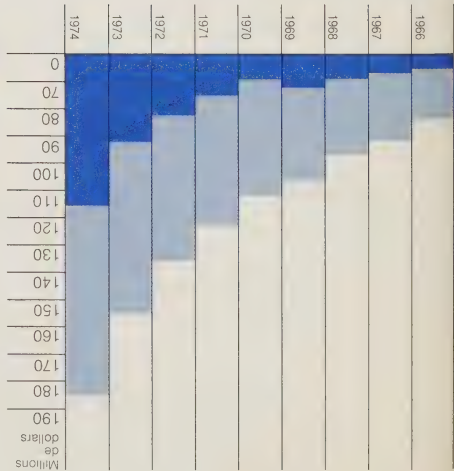
1966 Répartition des revenus selon la provenance



1974 Répartition des revenus selon la provenance

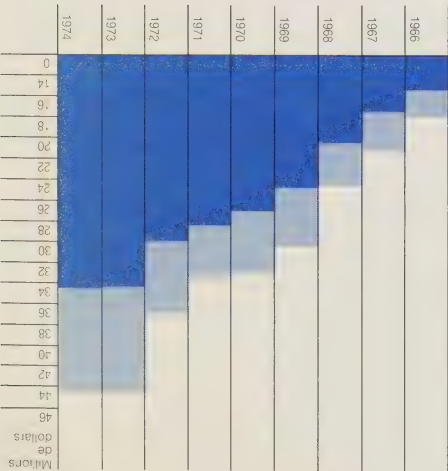


Immobilisations



Revenu

Dépenses



Etat des revenus et dépenses

La Société canadienne des Télécommunications
transmarines

31 mars 1974

(avec chiffres comparatifs
pour l'année terminée le 31 mars 1973)

Revenus:	1974	1973
Télégraphe, téléphone, télex, location de circuits, satellites, etc. (Note 2)	\$ 44,796,454	\$ 44,477,449
Dépenses:		
Traitements et salaires d'exploitation	6,906,373	6,494,939
Salaires d'administration	4,022,504	2,833,090
Bénéfices aux employés	1,086,281	775,441
Amortissement	8,934,832	8,442,150
Location de circuits, etc.	6,156,727	5,898,794
Entretien et réparations — installations et équipement	4,610,114	2,916,728
Intérêt	2,057,976	1,993,335
Autres frais d'exploitation et d'administration	3,719,725	1,654,260
Moins:	37,494,532	31,008,737
Montant estimatif à recevoir du réseau du Commonwealh (Note 2)	9,290,350	3,500,000
Dépenses capitalisées	3,228,003	1,177,112
Bénéfice net avant impôts	12,518,353	4,677,112
Impôts sur le revenu pour l'année courante	24,976,179	26,331,625
Impôts sur le revenu pour l'année différée	19,820,275	18,145,824
Bénéfice net de l'année	\$ 10,157,890	\$ 9,940,824

Etat de la provenance et de l'utilisation des fonds
pour l'année terminée le 31 mars 1974

(avec chiffres comparatifs pour l'année terminée le 31 mars 1973)

Provenance des fonds:	\$ 10,157,890	\$ 9,940,824
Bénéfice net de l'année		
Dépenses ne réquérant aucune sortie de fonds	8,934,832	8,442,150
Amortissement	3,033,225	1,000,000
Augmentation de l'impôt sur le revenu différé	22,125,947	19,382,974
Fonds provenant de l'exploitation	6,000,000	—
Avances en vertu de l'article 12 de la Loi	28,125,947	19,382,974
Utilisation des fonds:		
Achat d'actifs immobilisés (Net)	32,378,952	18,913,196
Versements sur avances en vertu de l'article 12 de la Loi	8,665,331	2,538,713
Diminution du fonds de roulement	41,044,283	21,451,909
Fonds de roulement au début	12,918,336	2,068,935
Fonds de roulement (déficit) à la fin	\$ (6,552,691)	\$ 6,365,645

Les notes jointes aux états financiers en sont partie intégrante.

vagues symbolisent la mer et les câbles, enfin, des lignes droites évoquent les voies de communica-

L'aventur

La courte existence de la Société a coïncidé avec une étonnante évolution et de progrès technologiques. Lors de sa création en 1950, elle fit l'acquisition d'installations outre-mer existantes. Celles-ci n'étaient constituées que de trois circuits téléphoniques et de treize circuits télégraphiques reliés à des stations radioélectriques à haute fréquence et à des systèmes de câbles télégraphiques. En fin de 25 ans, la S.C.T.T. a mis au point des installations modernes de télécommunications qui assurent aux Canadiens des services de téléphone, de télex et de télétransmission d'images et de données avec presque tous les pays du monde au moyen de raccourcissements à des réseaux mondiaux de câbles sous-marins, de circuits radioélectriques à haute fréquence et de circuits de satellites.

Après un quart de siècle de services au public, la

La demande de tous ces programmes de communication est en constante évolution. Les organismes de télécommunication ainsi que les entreprises et les sociétés de communication ont cherché à améliorer leur efficacité et à accroître la capacité de transmission du trafic, à améliorer les services et à contribuer à l'évolution de la technologie des communications.

Conseil d'administration

Le 1^{er} août 1973, la Société a eu le plaisir d'annoncer la nomination au Conseil d'administration de M. Joseph H. Cohen, Vice-président et Directeur général de *General Distributors Ltd.*, Vancouver, pour une période de trois ans. M. Cohen remplace M. W. S. Pipes, également de Vancouver, dont le mandat expirait le 8 avril 1973. Nous désirons exprimer notre appréciation à M. Pipes pour la contribution qu'il apportait à la Société.

Remerciements

Au nom du Conseil d'administration et en ma qualité de Président et Directeur général, je désire exprimer mes remerciements à tous les membres du personnel pour leur collaboration et leur appui constant au cours de l'exercice financier écoulé. Je tiens à féliciter particulièrement tous ceux qui ont contribué au succès de CANTAT 2, les nombreuses personnes qui, durant les cinq dernières années,

Le Président et Directeur général,

Jean-Claude Delorme

Le CTC, formé de représentants de 24 sociétés

expérimentales, à pour rôle de conseiller, d'étudier et de consigner les ententes et de faire des recommandations en ce qui a trait aux questions de télécommunications afin de mieux servir les intérêts du Commonwealth dans la planification des systèmes, l'exploitation, la finance, la commercialisation et la recherche.

Le Président de la Société est également Président du Comité permanent du Conseil établi en novembre 1972 afin de secondier le CTC dans tous les secteurs de la gestion, de diriger les travaux des experts de tous les groupes d'étude et de faire des recommandations au Conseil. La troisième session du Comité permanent du Conseil a lieu en avril 1974 à Montréal. Les principaux entretiens ont porté sur les questions laissées en suspens depuis l'entrée en vigueur des accords financiers qui avaient été conclus à la Conférence des télécommunications du Commonwealth, en novembre 1972. En avril 1974, la conférence du Commonwealth

Personnel

En 1972, la Société a mis sur pied un programme de grande envergure visant à promouvoir le caractère bilingue de la SCTT et celui des personnes qui agissent en son nom. Environ 150 employés au Sigée social ont suivi des cours de français et d'anglais dès septembre 1973. A travers le pays, d'autres emplois de la Société ont également suivi l'occasion d'apprendre une autre langue et fréquentent des écoles et des universités locales. Dans le domaine des relations de travail, trois

personnel technique local de la station fermière de Hawaï, elles ont été négociées séparément, en mars 1974, un accord était ratifié pour une période de deux ans à partir du 1^{er} janvier 1974. Les négociations avec l'Unité no 1653 du Syndicat des travailleurs des télécommunications (CTC) pour le personnel de bureau ont débuté en avril 1974.

Emblème institutionnel

La société a contre à un groupe de graphistes-
conseils la création d'un emblème distinctif qui lui
permettrait de mieux faire connaître son identité.
Les entreprises canadiennes de télécommunications,
à vocation internationale. Cet emblème, que l'on
peut voir à la page 1, est une adaptation graphique
d'une feuille d'érable stylisée: des flèches verti-
cales et horizontales expriment le développement
global vers les satellites et autour de la terre; des

est intéressée à participer en collaboration avec

l'INTELSAT.

a) L'Organisation internationale des télécommunications par satellites (INTELSAT)

Le Canada fut l'un des onze premiers pays signataires lors de la création de cet organisme en 1964 et il détient encore le même rang d'importance du point de vue de sa quote-part dans les actifs immobiliers. INTELSAT a pour mission de mettre sur pied et d'exploiter un système mondial de communications par satellites au-dessus de l'Atlantique, du Pacifique et de l'Océan indien. Ses satellites assurent un service constant de communications à près de cent destinations que relient entre elles 86 antennes de 69 stations terrestres situées dans 52 pays.

En février 1973, à la suite de la signature des accords définitifs régissant l'Organisation, M. Ernst Eliassen, Premier Vice-président de la Société, était élu le premier Président du Conseil des Gouverneurs d'INTELSAT. M. Eliassen quitta ce poste en mai 1974 après l'expiration de son mandat; il demeura un des gouverneurs de l'INTELSAT et le représentant de la Société auprès de cet organisme.

Afin de satisfaire aux normes d'INTELSAT, la Société a entrepris de perfectionner l'antenne et l'équipement terrestre de sa station de Mill-Village 1 afin d'en accroître la capacité. Cette station fut construite en 1964 pour fins expérimentales par le Ministère des Transports; en vertu d'une entente avec ce ministère et avec celui des Communications, elle fut exploitée par la Société qui en fit l'acquisition en 1972.

On prévoit qu'environ 100 000 voies téléphoniques seront nécessaires, vers 1988, pour répondre aux besoins de télécommunications entre l'Amérique du Nord et l'Europe. À l'heure actuelle, 10 000 voies sont achevées par deux satellites d'INTELSAT postés au-dessus de l'Atlantique. La Société participe activement aux expériences d'INTELSAT afin de s'assurer que la capacité prévue répondra réellement aux besoins et de trouver le meilleur moyen de faire face à l'accroissement considérable du trafic.

b) Relations avec le Commonwealth

Les pays du Commonwealth ont créé un réseau mondial de câbles sous-marins, de radio à haute fréquence et de satellites, installations qu'ils utilisent conjointement. Le Canada jouit d'une situation géographique unique dans ce réseau de télécommunications, ce qui permet à la Société d'assurer le trafic de transit en provenance des pays du Commonwealth pendant les heures creuses, créant ainsi une seconde période de pointe et permettant une meilleure utilisation de ses équipements.

Le Président et Directeur général de la Société a été élu Président du Commonwealth Telecommunications Council (CTC) à la onzième séance de cet organisme tenue en juillet 1973 à Bangalore, en Inde. Le CTC, qui coordonne les services et les installations de télécommunications internationales des pays du Commonwealth, est l'entité exploitante de l'Organisation des Télécommunications du Commonwealth (CTO) dont l'objectif est de promouvoir l'exploitation et le développement efficaces du

Développement dans la région du Pacifique

La Société continue d'étudier les moyens susceptibles d'accroître les services de câbles à travers le Pacifique. Elle vise, avec ses homologues des pays du Commonwealth et les sociétés exploitantes internationales des États-Unis, à maintenir un certain équilibre entre les circuits de satellites et les circuits de câbles et à répondre à l'augmentation constante de la demande. Premier jalon du développement, le nouveau câble sous-marin SF, reliant la Californie, Guam et Okinawa, devrait être mis en service en août 1975.

De concert avec l'Overseas Telecommunications Commission (OTC) d'Australie, la Société envisage d'installer à sa station internationale de Vancouver le nouveau système TASI (interpolation de signaux vocaux par assignation en fonction du temps) TASI augmentera sensiblement la capacité des câbles COMPAC et SF entre l'Australie et le Canada.

Notre station de Lake-Cowichan a permis à la Société de répondre à l'augmentation soutenue du trafic entre le Canada et les pays côtiers du Pacifique, à l'aide de circuits supplémentaires de satellites. Cette station, pour la première fois depuis son ouverture, a pu réaccrocher le trafic interrompu par un bris dans le câble COMPAC. Précédemment, ce trafic devait être relayé par des installations situées aux États-Unis, ce qui rendait onéreux le coût total du maintien du trafic durant les réparations de câble.

Relations nationales et internationales

La Société est appelée à jouer un rôle important auprès d'organismes nationaux et internationaux, vu la nature de ses services et le fait que leur gestion est en grande partie fondée sur des ententes conclues avec les administrations canadiennes et étrangères. Parmi ces organismes, on compte: le Commonwealth Telecommunications Council, le Commonwealth Cable Management Committee, l'Organisation internationale des télécommunications par satellites (INTELSAT), l'Union internationale des télécommunications (UIT), l'Association canadienne des entreprises de télécommunications (CACT), ainsi que plusieurs autres commissions et sous-commissions connexes. Leur activité est très vaste et couvre tous les aspects des télécommunications, tant sur les plans technique et financier que dans le domaine de l'exploitation. La SCTT tient à entretenir également d'étroites relations avec les fournisseurs canadiens afin de les tenir au courant des besoins et des innovations dans les techniques de télécommunications internationales. Elle leur permet ainsi de contribuer efficacement à son expansion ainsi qu'au développement de ces techniques. Dans cette optique, la Société a tenu en juin une première réunion avec des représentants de l'industrie électronique du Canada pour leur faire connaître une technique nouvelle dite AMRT (accès multiple par répartition dans le temps) appelée à prendre un grand essor dans le domaine des communications internationales par satellites. Il s'agit là d'un projet auquel la Société

relâchés par l'intermédiaire d'ANIK 1 au nouveau câble CANAT 2. En mars 1974, la Société signalait une entente avec Télésat Canada pour la location d'une voie de fréquences radioélectriques sur ANIK 1, d'une capacité éventuelle de 400 circuits téléphoniques.

Services

a) Téléphone

Bien que le service téléphonique de personne à personne entre le Canada et la plupart des pays d'outre-mer existe depuis de nombreuses années, l'accroissement du volume de trafic entraîne une plus grande utilisation du service de poste à poste, sans l'aide d'une standardiste. Au cours de la dernière année financière, par exemple, on a établi ce service dans des pays comme le Kenya, la Tanzanie, l'Ouganda, les Philippines, Madère, Singapour, les îles Cayman et Chypre.

Le 1^{er} septembre 1973, de concert avec les Postes, Télégraphes et Téléphones de France, la Société a réduit le tarif téléphonique avec ce pays.

Le service automatique international (ISD), qui était déjà établi entre le Canada et la Belgique, la République fédérale allemande, la Grèce, la Suisse et le Royaume-Uni, s'est étendu le même mois à la France et à l'Italie. Des négociations sont en cours visant à procurer bientôt ce service à d'autres pays.

b) Téléx

La Société offre à présent le service téléx à 176 pays d'outre-mer, c'est-à-dire à la plupart des centres dotés d'un tel service. Parmi ces 176 pays, 68 disposent à l'heure actuelle du service complètement automatisé qui permet la sélection directe de la demande.

La Société, afin de répondre à la demande toujours croissante de services téléx internationaux, a doublé la capacité de son central téléx informatisé en septembre 1973.

On prévoit que cette capacité sera insuffisante après 1975 et l'on cherche des maintenant les moyens d'y remédier.

La croissance soutenue du trafic entre les abonnés canadiens du TWX et les stations de téléx d'outre-mer a exigé le remplacement des installations actuelles de conversion TWX/télex par un système d'une puissance accrue. La Canadian Marconi Company Ltd., de Montréal, a conçu et fourni à la Société un nouveau système qui a été mis en service au mois d'août 1974.

c) Télégraphie

L'utilisation du télégraphe baisse graduellement au profit du téléphone et du téléx. Selon les prévisions, cette tendance, qui semble se manifester à l'échelle mondiale, s'accroîtra au cours des prochaines années bien que, cette année, le volume de trafic ait été presque égal à celui de l'an dernier.

d) Location de circuits

Les revenus de circuits loués ont diminué de 6,2 p. cent en 1973-1974, surtout à cause de l'adoption d'un barème de répartition plus favorable pour les services que la Société loue à d'autres entreprises.

e) Données et services spéciaux

Bien que toujours relativement limité, le besoin de transmission de données numériques sur le plan international ne cesse de s'accroître et l'avenir de cette technique semble prometteur. La Société a donc mis sur pied un programme d'étude pour créer des services publics de télécommunications conçus pour la transmission de données numériques.

Quant aux services spéciaux, la SCTT a participé de concert avec les Ministères québécois des Communications, de l'Énergie et des Travaux publics, à deux téléconférences expérimentales en direct entre le Québec et la France dans le cadre d'un programme de recherche sur l'utilisation moderne de la télévision. La Société manifeste un grand intérêt pour cette innovation dans le domaine des communications internationales. Ces téléconférences lui ont permis de mettre à l'essai, en temps réel, une nouvelle technique de transmission par satellites.

C'est en janvier 1974, à l'occasion des Jeux du Commonwealth à Christchurch, en Nouvelle-Zélande, que la Société a pu télédiffuser un reportage, en premier, en utilisant l'installation vidéo de sa station terrestre de Lake-Cowichan, en Colombie-Britannique.

Depuis l'inauguration de cette station, en septembre 1972, l'Australie, le Japon, Hong-Kong, les Philippines et la Nouvelle-Zélande ont bénéficié, en accès direct, des services de télégraphe, de télégraphie, de téléx et de circuits loués, par le truchement du satellite INTELSAT posté au-dessus du Pacifique. Une nouvelle liaison téléphonique directe a été établie en 1973 entre le Canada et la République populaire de Chine. Apparevant, le trafic était acheminé jusqu'à Pékin par radio à haute fréquence et par câbles sous-marins.

Des ententes se poursuivent entre le Comité d'Organisation des Jeux Olympiques (COJO) et l'Organisation de radio-télévision des Olympiques (ORTO) en vue de diffuser les Jeux de la 21^e Olympiade qui auront lieu à Montréal en 1976. La Société a été chargée de la planification et de la mise en œuvre de la transmission de données et de la diffusion de programmes télévisés et de messages téléx, grâce à ses installations, elle a transmis environ 80,000 mots, 3,500 minutes de messages téléx, 68 photos, neuf programmes télévisés et 153 programmes radioélectroniques.

Canada et le Royaume-Uni. C'est une grande voie de communications entre l'Amérique du Nord et l'Europe pour les services de télégraphie, de transmission de données et de téléphonie. La réalisation de ce projet a exigé cinq années de travail. De nombreux organismes ont participé à la pose et à la mise au point du câble. Afin de lui tracer le meilleur parcours possible, l'étude et les levés hydrographiques de la couche sédimentaire marine ont été confiés aux quatre organisations suivantes: le *British National Institute of Oceanography*, les Services hydrographiques britanniques et canadien et l'institut océanographique de Bedford (Nouvelle-Écosse).

De juin à décembre 1973, trois câblers ont procédé à la pose de quelque 2,800 milles marins de câbles entre Beaver-Harbour (Nouvelle-Écosse) et Widemount-Bay, en Cornouailles (Angleterre). Le câblier brise-glace canadien CCGS JOHN CABOT posa une longueur de 150 milles marins de câble sur le plateau continental canadien. Le JOHN CABOT est le seul navire au monde à posséder la manœuvrabilité et la puissance nécessaires pour remorquer la charnière-riçoieuse de 16 tonnes conçue par l'*American Telephone and Telegraph Company*.

Cette charnière sert à enrouler le câble dans la couche sédimentaire marine afin de le protéger des châtiments au large de la Nouvelle-Écosse. En effet, les crochages de câbles sont fréquents dans les zones de grande pêche. Le CS *ARIEL* du *Post Office* posa le câble sur le plateau continental britannique et le CS *MEECURY*, navire principal de la flotte de *Cable and Wireless Ltd.*, en installa une section de plus de 2,600 milles marins, en cinq étapes. Sur les deux plateaux continentiels, on procéda à l'entassement des répéteurs dans la couche sédimentaire à l'aide de puissants jets d'eau. Les mini-sous-marin *PISCES III* et *V*, de l'*International Hydrodynamics Company Ltd.*, de Vancouver, l'*Standard Telephones and Cables Limited*, d'Angleterre, a fabriqué le câble et les répéteurs qui sont placés à des intervalles de six milles marins le long du parcours. La compagnie *Héroux Limited*, de Longueuil, au Québec, a fabriqué la gaine et les cloisons des répéteurs. Quant à *Pye TMC Canada*, elle a fourni l'équipement multiple et le matériel de jonction nécessaires au raccordement du câble de Beaver-Harbour au réseau à micro-ondes. Pour ces deux villes, la Compagnie Northern Electric, de Montréal, a fourni l'équipement terminal de la mi-mars, soit deux semaines avant la date prévue. Le câble a été inauguré le 21 juin 1974 par les Premiers Ministres de la Grande-Bretagne et du Canada, les très honorables Harold Wilson et Pierre Elliott Trudeau.

Un projet de cette envergure donne parfois lieu à des incidents dramatiques: en août 1973, le mini-sous-marin *PISCES III* coula à plus de 1,500 pieds de profondeur au large de l'Irlande alors qu'il en-

fournissait des répéteurs le long du plateau continental. Le monde entier suivit pendant trois jours les efforts entrepris pour sauver la vie des deux hommes de l'équipage. Le *JOHN CABOT*, par un heureux hasard, se trouvait dans la région. Il mit le cap immédiatement sur les lieux du naufrage. La Warren et son équipage dont le dévouement a contribué à localiser le sous-marin et à secourir les deux hommes emprisonnés au fond de la mer.

Beaver-Harbour, un petit village de pêcheurs au nord-est de Halifax (Nouvelle-Écosse), a été choisi comme site de la station terminale de CANAT 2. Les travaux de construction de la nouvelle station ont été achevés au printemps de 1973. Aussitôt après le commencement de l'équipement, l'équipement final de l'extrémité canadienne du câble a été sectionné en eaux profondes, le rythme des travaux s'accéléra à Beaver-Harbour. Le personnel technique s'est relayé afin de mettre en place le câble et l'équipement. Cette opération a pris fin avant la date prévue. C'est le vendredi 21 juin 1974 que la station, qui compte 14 employés, était inaugurée par l'honorable Gérard Pelletier, Ministre des Communications.

La Société a loué des circuits dans un nouveau réseau à micro-ondes des Télécommunications Canada pour acheminer le trafic destiné à sa station terminale internationale à Montréal. Pour la région de Toronto, le trafic est transmis par des circuits du CNCP vers la station terminale de Télécel Canada, à Harroisfield, près de Halifax, puis est relayé par le satellite *NIKI* jusqu'à la station terminale de ce organisme à Allan-Park en Ontario. Ce trafic atteint ensuite le nouveau centre de communication de la SCTT à Toronto par des installations louées de Bell Canada. Le trafic destiné aux usagers américains est acheminé par les réseaux à micro-ondes de la *Maritime Telephone and Telegraph Company Limited* et de la *New Brunswick Telephone Company Limited* vers Saint-Jean (Nouveau-Brunswick), où il est raccordé à un autre, jusqu'à la frontière américaine.

Station terminale de Toronto

Vers la fin du dernier exercice financier, la Société était sur le point de mettre en service, à Toronto, son nouveau centre de transmission et de communication téléphonique afin de desservir le sud-ouest de l'Ontario, région où l'intensité du trafic est particulièrement élevée. Conçus afin de s'intégrer à celles de la station terminale principale de la Société à Montréal, ces nouvelles installations minimiseront les risques de panne et assureront également une utilisation optimale du système national de télécommunication par satellites du Canada.

La construction de ce centre de transmission et de communication téléphonique a été achevée en juin 1974. C'est cet automate qu'aura lieu l'inauguration de la nouvelle station, qui a été mise en service avec 99 circuits téléphoniques

L'Honorable Gérard Pelletier
Ministre des Communications
Ottawa

Monsieur le Ministre,

Au nom du Conseil d'administration, j'ai l'honneur de vous présenter le vingt-quatrième rapport annuel de la Société pour l'année financière terminée le 31 mars 1974.

Situation financière

Le tableau suivant donne la répartition des principaux postes des états financiers pour la période considérée:

Les revenus en 1973-1974 se chiffrent à \$44,796,454 contre \$44,477,449 l'an dernier. L'amortissement s'élève à \$8,934,832 en 1973-1974 par rapport à \$8,442,150 en 1972-1973, ce qui représente une augmentation de 6 p. cent.

Les intérêts sur les avances gouvernementales ont passé de \$1,993,335 à \$2,057,976, ce qui reflète une hausse de 3 p. cent sur l'année précédente et l'impôt sur le revenu a augmenté de 18 p. cent, soit

de \$8,205,000 à \$9,662,385. Le bénéfice net avant impôts a connu un accroissement appréciable de 9 p. cent, soit de \$18,145,824 à \$19,820,275, tandis que le bénéfice net passait de \$9,940,824 à \$10,157,890.

Ci-joints, le rapport de l'Auditeur général du Canada sur les états financiers de l'année terminée le 31 mars 1974.

Répercussions des nouveaux accords financiers

Les nouveaux accords financiers entre les pays du Commonwealth sur les télécommunications sont entrés en vigueur le 1^{er} avril 1973 et ont remplacé les accords antérieurs. Par conséquent, les résultats pour l'année écoulée, surtout ceux qui touchent aux revenus, de même qu'aux dépenses recouvrables du réseau du Commonwealth, ne peuvent être rigoureusement comparés à ceux des années précédentes (tel que l'indique la Note 2, jointe aux états financiers).

En vertu des nouveaux accords financiers, les dépenses totales des services conjoints du Commonwealth sont réparties proportionnellement à leur volume de trafic respectif, tandis qu'aux termes des accords antérieurs, elles l'étaient en proportion de leur revenu déclaré. Quoique les nouvelles méthodes comptables aient eu une répercussion sensible sur ses revenus, la Société a été largement compensée par une réduction de sa quote-part dans les dépenses opérationnelles du réseau du Commonwealth. Au cours du dernier exercice financier, les revenus ont connu une faible augmentation. Toutefois, l'essor des télécommunications se maintient. À cet égard, dans l'application des méthodes comptables, l'étude des volumes de trafic



semble le moyen le plus rationnel d'analyser les résultats obtenus au cours de cette période de transition. Les chiffres suivants s'appliquent aux trois principaux services que la Société offre au public.

Volumes de trafic — 1973-1974 et 1972-1973

(en milliers de mots/minutes)			
1973-1974	1972-1973		
Écart		+33.6%	
Téléphone	33,400	25,000	+20.0%
Télex	9,600	8,000	— 0.6%
Télégraphie	49,200	49,500	

CANTAT 2

La Société a mis en service son nouveau câble transatlantique, CANTAT 2, durant l'année 1974 qui est aussi l'année du centenaire de l'invention du téléphone par Alexander Graham Bell, à Brantford, Ontario. L'inauguration d'un câble d'une si grande capacité marque une étape importante dans l'histoire des télécommunications. Ce câble peut en effet acheminer 1,840 appels téléphoniques simultanément, soit plus du double de la capacité de l'entassement des câbles sous-marins de l'Atlantique Nord.

Avec ce nouveau câble, la Société sera en mesure de répondre à l'augmentation considérable du nombre des appels téléphoniques entre le Canada et le Royaume-Uni qui est passé de 135,000 en 1962 (un an après la mise en service du câble de 80 circuits CANTAT 1) à plus d'un million en 1973. Vers 1980, ce nombre atteindra probablement six millions.

CANTAT 2 est l'œuvre conjointe du Post Office du Royaume-Uni et de la Société canadienne des Télécommunications transmarines qui en ont effectué la planification, la conception et la fabrication. Ce câble, dont le coût s'élève à \$70 millions, représente bien plus qu'une liaison téléphonique entre le

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"La Société a confié à un groupe de graphistes-conseils la création d'un emblème distinctif qui lui permettra de mieux faire connaître son identité: une entreprise canadienne de télécommunications, à vocation internationale. Cet emblème... est une adaptation graphique d'une feuille d'érable stylisée: des flèches verticales et horizontales expriment la propagation des ondes vers les satellites et autour de la terre; des vagues symbolisent la mer et les câbles; enfin, des lignes droites évoquent les voies de communication."

Extrait du Rapport du Président, page 7.



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Epissure du câble. À l'arrière-plan: le câblier brisé-
glace canadien CCGS JOHN CABOT qui a posé
la section canadienne du câble téléphonique
transatlantique de 1,940 circuits, CANTAT 2.

La Société canadienne
des Télécommunications

transmarines

24^e Rapport annuel
pour l'année terminée
le 31 mars 1974



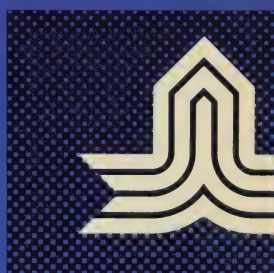
La Société canadienne
des Télécommunications
transmarines

25^e Rapport annuel
pour l'année terminée
le 31 mars 1975

Canadian Overseas
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25th Annual Report
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Robert Séguin

Director, Servicios Técnicos

F. P. Urbanski

Director, Servicios Integrados
de Gestión

Honorable Gérard Pelletier
Ministre des Communications
Ottawa

Monsieur le Ministre,
L'année 1975 marque une étape importante dans l'histoire de la Société. Elle est célèbre en effet ses vingt-cinq ans de services à titre d'entité exploitant des télécommunications extérieures du Canada.

En tant que membre du Conseil d'administration, j'ai le plaisir de vous présenter le 25^e rapport annuel de la Société exposant la situation financière et le sommaire de son activité. Le Rapport fait également mention de ses perspectives d'avenir. Les états financiers pour l'exercice terminé le 31 mars 1975 et le rapport rédigé par l'Auditeur général du Canada accompagnent ce Rapport.

Les réalisations de la Société durant ses vingt-cinq années d'existence n'auraient pas été possibles sans le concours de tous les employés. Au nom du Conseil d'administration et en ma qualité de Président directeur général, je désire exprimer mes remerciements à tous les membres du personnel pour leur dévouement sans réserve. Je saisis également l'occasion pour féliciter les 64 employés qui ont œuvré durant un quart de siècle au service de la Société, ainsi que tous les retraités qui, au cours de ces années, ont contribué à son développement.

En outre, je me dois de rendre hommage à M. Ernst Eliassen, Premier vice-président, qui prenait sa retraite le 10 décembre 1974, après onze ans de loyaux services et une longue et remarquable carrière en télécommunications. M. Eliassen occupa divers postes d'importance à la SCTT dans les domaines de l'Ingénierie et des opérations. Il avait, par ailleurs, participé aux activités d'INTELSAT depuis sa création et représenté la Société pendant plusieurs années auprès de cet organisme. En effet, M. Eliassen avait été le premier Président du Conseil des gouverneurs d'INTELSAT, poste qu'il occupa de mars 1973 à mai 1974. La Société est reconnaissante à M. Eliassen pour sa précieuse collaboration durant cette période d'expansion technologique accélérée ainsi que pour le rôle important qu'il a joué sur le plan des

The Honourable Gérard Pelletier
Minister of Communications
Ottawa

Sir:
The year 1975 holds great significance for this Corporation, marking as it does the Twenty-Fifth Anniversary of our operations as Canada's external telecommunications entity.

On behalf of the Board of Directors, I am pleased to submit herewith our 25th Annual Report highlighting our financial position and activities over the past twelve months as well as our projections for the future. Also attached is a copy of our Financial Statements for the fiscal year ended March 31, 1975, together with the Report of the Auditor General of Canada.

The results achieved over the first quarter of a century, as well as during the year under review, would not have been attained without the dedicated efforts of all the employees and, on behalf of the Board of Directors and in my capacity as President and General Manager, I wish to express my thanks to each and every member of our staff for their continued cooperation and support. I also wish to take this opportunity to express my congratulations to the 64 employees who have completed a quarter-century of service with the Corporation and, by the same token, to the hundreds who were associated with the Corporation at one point or another in its existence and who have now retired.

In addition, special tribute should be paid to Mr. Ernst Eliassen, Senior Vice-President, who retired on December 20, 1974, after 11 years with the Corporation and a long and distinguished career in telecommunications. Mr. Eliassen held a number of senior management positions during his service with COTC in the engineering and operations areas. In addition, he was actively involved with INTELSAT almost since its inception, representing the Corporation for many years and serving as first Chairman of the Board of Governors from March 1973 until May 1974. The Corporation is indebted to Mr. Eliassen for his valuable

Honorable Sr. Gérard Pelletier
Ministro de Comunicaciones
Ottawa

Señor Ministro:
El año 1975 constituye una etapa importante en la historia de la Sociedad Canadiense de Telecomunicaciones Transmarinas, que celebra su 25^o aniversario como entidad canadiense de telecomunicaciones con el exterior.

Me place presentarle, en nombre de la Junta Directiva, nuestro 25^o Informe Anual que contiene un resumen de la actividad de la Sociedad y de su situación financiera. El informe describe también nuestras perspectivas para el futuro. Se incluyen, además, los estados financieros correspondientes al ejercicio que se terminó el 31 de marzo de 1975 y que fueron controlados por el Auditor General del Canadá.

Las realizaciones de la Sociedad durante sus 25 años de existencia no hubieran sido posibles sin el esfuerzo y la colaboración de todos los empleados. En nombre de la Junta Directiva y en el mío propio, como presidente y director general, deseo expresar mi agradecimiento a todo el personal de la Sociedad por su constante dedicación. Aprovecho también esta oportunidad para felicitar a los 64 empleados que han trabajado aquí durante un cuarto de siglo y a los jubilados que han contribuido al auge de la SCTT.

Debo, además, rendir homenaje al Sr. Ernst Eliassen, primer vicepresidente, que se jubiló el 20 de diciembre de 1974, al cabo de once años de servicios leales y de una larga y extraordinaria carrera en el campo de las telecomunicaciones. El Sr. Eliassen desempeñó varios cargos importantes en el seno de la SCTT, en los sectores de servicios técnicos y de operaciones. Participó, además, en las actividades de INTELSAT desde su creación y representó a nuestra Sociedad ante dicho organismo durante muchos años. El Sr. Eliassen fue el primer presidente de la Junta de Gobernadores de INTELSAT y ejerció su cargo de marzo de 1973 a mayo de 1974. La Sociedad agradece al Sr. Eliassen su valiosa colaboración durante este periodo de gran


télécommunications internationales.

Nous déplorons également le départ de M. D. V. Doran-Veevers, Directeur des Projets spéciaux, qui démissionnait après 23 ans de service pour occuper le poste de Directeur des activités canadiennes du Comité consultatif international télégraphique et téléphonique (CCITT), au ministère des Communications à Ottawa. Nous désirons exprimer nos remerciements à M. Doran-Veevers, dont la participation et le dévouement dans plusieurs secteurs d'activité ont été précieux à la Société durant une période importante de son évolution.

C'est avec le plus vif regret que nous signalons le décès, le 17 mai 1975, d'un des membres du Conseil d'administration de la Société, M. C. Elmer Bragg, Président de Bragg Lumber Company de Collingwood (Nouvelle-Écosse). Le Conseil désire lui rendre hommage pour le rôle important qu'il a joué, depuis 1967, à titre d'administrateur de la Société durant une période d'activité intense.

Veuillez agréer, Monsieur le Ministre, l'expression de ma plus haute considération.

Le Président et Directeur général,



Jean-Claude Delorme

contributions during this period of rapid technological expansion and for the significant role he played in the development of the international telecommunications industry.

Likewise, we regret the departure of Mr. D. V. Doran-Veevers, Director, Special Projects, who resigned after a 23-year career with the Corporation to accept the position of Director, Canadian International Telegraph and Telephone Consultative Committee (CCITT) Activities, with the Department of Communications in Ottawa. Throughout his career with the Corporation, Mr. Doran-Veevers' efforts in several fields of corporate activities were most meaningful and the Corporation wishes to acknowledge his participation during an important period of its existence.

We regret to report the death of one of the members of our Board of Directors. Mr. C. Elmer Bragg, President of Bragg Lumber Company of Collingwood, Nova Scotia, passed away on May 17, 1975. Mr. Bragg had been a Director of COTC since 1967 and the Board of Directors wishes to acknowledge the significant role he played in the management of the Corporation throughout this period of accelerated growth.



Jean-Claude Delorme
President

progreso tecnológico y le felicita por el destacado papel que desempeñó en el desarrollo de las telecomunicaciones internacionales.

Lamentamos, por otra parte, la d
sión del Sr. D. V. Doran-Veevers,
director de los proyectos especia
al cabo de 23 años de servicio. E
Sr. Doran-Veevers desempeñará,
el Ministerio de Comunicaciones
en Ottawa, el oficio de director d
actividades canadienses del Con
Consultivo Internacional Telegrá
fico y Telefónico (CCITT). Desea
expresar nuestro agradecimiento
Sr. Doran-Veevers cuya participa
y dedicación en varios sectores
ron valiosas para nuestra Socied
durante un periodo importante d
su evolución.

Anunciamos aquí con gran pena
fallecimiento, el 17 de mayo de 1
del Sr. C. Elmer Bragg, president
de Bragg Lumber Company de C
lingwood (Nueva Escocia). La Ju
Directiva le rinde homenaje por
destacado trabajo que realizó de
1967 como administrador de nue
Sociedad durante este periodo d
desarrollo acelerado.

Atentamente,

El presidente y director general



Jean-Claude Delorme

remier quart de siècle de services
la Société en tant qu'organisme
télécommunications extérieures du
Canada a coïncidé avec une période
de progrès technologiques spectacul-
aires et de croissance soutenue de
la demande.

rapport à ses modestes débuts en
1950 avec treize circuits télégraphi-
ques, trois circuits téléphoniques et
une équipe de 300 employés, la Société a
connu un essor remarquable au cours
des vingt-cinq années d'existence.
Elle occupe aujourd'hui une place
prépondérante parmi les sociétés exploi-
tantes internationales de télécommu-
nications et assure aux Canadiens
un éventail complet de services à des-
tination de la plupart des pays du
monde par l'entremise d'un réseau de
câbles sous-marins, de satellites de
communication et de circuits
radioélectriques à haute fréquence.

Le succès de cette expansion et de
l'évolution constante des besoins créés
par une demande de services de plus
en plus complexes et par un déve-
loppement technologique accéléré,
a conduit un mode de gestion adapté aux
exigences du marché pour permettre
aux entreprises de télécommunications
internationales de continuer à offrir
un grand public ainsi qu'au monde des
affaires, une gamme complète de
services de télécommunications de
haute qualité. De concert avec d'autres
administrations étrangères, la Société
continue une grande partie de son
activité vers la mise au point d'une
gamme de services conçus en fonction
des exigences nouvelles du marché.
Ce travail est essentiel à l'essor de
l'industrie des télécommunications
internationales dans un environnement
en constante évolution. Pour des rai-
sons similaires, une attention toute
particulière doit être portée à la plani-
fication et à la formation du personnel.
Cette initiative permettra aux ressource-
s humaines de la Société d'aller
de pair avec ses exigences en ma-
tière de gestion et d'exploitation.
Après l'exercice financier écoulé, la
SCTT a dû, par conséquent, s'efforcer
de consolider la structure de son
organisation et d'augmenter ses effec-
tifs afin de se maintenir au diapason
du volume croissant de trafic et de la
demande de services.

**The first quarter-century of existence
of the Corporation as Canada's
external telecommunications entity
has coincided with a period of spec-
tacular progress in the field of tech-
nology and a sustained growth in
the demand for services.**

**From its modest beginning in 1950
when it was operating 13 telegraph
circuits and 3 telephone circuits with
a staff of slightly more than 300
employees, the Corporation progres-
sively evolved to be, 25 years later,
a highly developed international
carrier providing Canadians with an
extensive range of telecommunica-
tions services through a network
of submarine cables, communications
satellites, and HF radio facilities,
virtually reaching all corners of the
globe.**

**In consideration of this expansion
and the rapidly changing require-
ments generated by the ever more
complex range of services needed
by the public and the increasing
rate of technological developments,
it is the view of the Corporation that
it is only through a market-oriented
management approach that the
international telecommunications
community will be capable of con-
tinuing to satisfy the demands of
the market and thus to provide both
the business and social sectors with
the comprehensive range of high
quality services that they require.
Much activity is indeed being directed
by the Corporation in association
with other administrations abroad
toward the development of a family
of new services designed to meet
these changing demands of the
marketplace. This developmental
work is crucial to the future growth
and success of the international
telecommunications industry, taking
into account the changing character
of the environment. For similar
reasons, special emphasis must be
placed on manpower planning and
training in order to ensure that
development of the human resources
will at all times be at par with the
managerial as well as the operational
requirements. Thus, considerable
effort was expended during the year
on strengthening the organizational
structure and on expanding the**

*El primer cuarto de siglo de existen-
cia de la Sociedad como organismo
de telecomunicaciones exteriores del
Canadá coincidió con un período de
progreso tecnológico extraordinario
y de crecimiento constante.*

*Teniendo en cuenta sus modestos
orígenes en 1950, cuando tenía trece
circuitos telegráficos, tres telefónicos
y unos trescientos empleados, la
Sociedad conoció un auge notable
durante sus cinco lustros de existen-
cia. Ocupa hoy un lugar privilegiado
entre las sociedades internacionales
de telecomunicaciones y ofrece a
los canadienses una gama completa
de servicios hacia la mayoría de los
países del mundo gracias a una red
de cables submarinos, de satélites de
telecomunicaciones y de circuitos
radioeléctricos de alta frecuencia.*

*Considerando esta expansión y la
evolución constante de las necesi-
dades creadas por una demanda de
servicios cada vez más complejos y
por un desarrollo tecnológico acele-
rado, las empresas de telecomuni-
caciones internacionales sólo podrán
continuar ofreciendo al público y al
mundo de los negocios una gama
completa de servicios de telecomu-
nicaciones de calidad mediante
métodos de gestión adaptados a las
exigencias del mercado. De cierto
con ciertas administraciones extran-
jeras, la Sociedad consagra gran
parte de su actividad al perfecciona-
miento de una variedad de servicios
creados para satisfacer las nuevas
exigencias del mercado. Este trabajo
es esencial para el progreso de la
industria de las telecomunicaciones
internacionales, teniendo en cuenta
la evolución constante en este campo.
Por motivos semejantes, se debe dar
una atención muy especial a la plani-
ficación y a la formación del personal.
Gracias a esta iniciativa, nuestros
empleados podrán satisfacer las exi-
gencias de nuestra empresa en ma-
teria de gestión y explotación. Durante
el último ejercicio, la SCTT tuvo que
esforzarse, por lo mismo, en consoli-
dar la estructura de su organización
y aumentar el número de sus em-
pleados para atender al volumen
creciente de tráfico y a la demanda
de servicios.*

Services

Si de nombreux secteurs de l'économie canadienne se sont ressentis de la situation économique mondiale, tel ne fut pas le cas du domaine des télécommunications internationales. Au contraire, la Société a connu une croissance remarquable qui dépassait de loin ses espérances. Citons les faits saillants de cet exercice:

Téléphone

La croissance prononcée du service téléphonique peut être attribuée, en grande partie, à une augmentation de la demande provenant du public en raison, d'une part, des campagnes de promotion des appels personnels et, d'autre part, de la stabilité des tarifs des appels outre-mer alors que les effets de l'inflation se faisaient sentir dans la plupart des autres secteurs.

Tel qu'annoncé dans le 24^e Rapport annuel, la troisième station terminale internationale de la Société, située à Toronto, a été mise en service le 15 juin 1974 et inaugurée le 30 septembre de la même année. Elle avait alors une capacité de 71 circuits téléphoniques directs à destination de quatre pays européens. Le centre de l'Ontario, desservi par cette station, jouit d'une activité commerciale et d'un trafic téléphonique intenses à l'échelle internationale. Le 31 mars 1975, la Société portait donc le nombre de circuits à 139 reliant ainsi cette station à huit pays.

La capacité du centre de commutation téléphonique à Montréal est sur le point d'être doublée pour atteindre le nombre de 2,000 circuits. La Société sera ainsi en mesure de faire face à la croissance normale du trafic jusqu'en 1980. Il est prévu que le central crossbar de Montréal sera remplacé, dès 1979, par un nouveau central téléphonique informatisé à commande commune par programme enregistré. Ce nouveau central, qui sera désigné sous le nom de "commande par programme enregistré" (SPC), sera doté d'une capacité prodigieuse, répondra aux nouvelles normes internationales de signalisation et possèdera de nombreuses caractéristiques internationales de commande et de maintenance. Le service téléphonique de la Société, actuellement exploité avec un nombre limité de circuits et selon des méthodes conventionnelles, sera donc, d'ici cinq ans, à l'avant-garde dans cette technique.

complement of staff in order to ensure that the Corporation will remain in a position to keep pace with the traffic growth patterns and service demands.

Services

Although many sectors of the Canadian economy have been affected negatively this past year as a result of world economic difficulties, there was no evidence of a regression in the field of international telecommunications services. On the contrary, the Corporation has been experiencing an accelerated growth significantly higher than that expected. Following are some of the highlights of the year under review.

Telephone

The strong growth in telephone service can be attributed in large measure to an expanded demand in the social sector of the market. This was due, in part, to promotional activities specifically oriented to social telephone calling. Another factor contributing to this growth was the stability in the price of overseas services at a time when price increases were common on most fronts.

As previewed in our 24th Annual Report, the Corporation's third international gateway went into operation on June 15, 1974. It was officially opened in Toronto on September 30, 1974, and initially provided 71 direct telephone circuits to four European countries. To meet the heavy demands from the central Ontario area which the gateway serves, the number of circuits as at March 31, 1975, had been increased to 139 serving eight countries.

The capacity of the Corporation's telephone switching centre in Montreal is currently being doubled to 2,000 circuits which should be adequate to handle normal traffic growth until 1980. Plans call for the Montréal crossbar exchange to be replaced starting in 1979 by a new telephone stored program computer common control exchange. Within the relatively short space of five years, COTC's telephone service will move from a conventional operation with a limited line capacity to the forefront of telephone service development. The new exchange, known as SPC, will accommodate the new international signaling standards and provide practically unlimited

Servicios

A pesar de que varios sectores de la economía canadiense han sentido los efectos negativos de la situación económica mundial, las telecomunicaciones internacionales han continuado su mismo ritmo. Así, nuestra Sociedad conoció un crecimiento notable que sobrepasó considerablemente las previsiones. He aquí los elementos más destacados del ejercicio:

Teléfonos

El crecimiento sobresaliente del servicio telefónico se puede atribuir en gran parte a un aumento de la demanda proveniente del público, debido primero a las campañas de publicidad en el campo de las llamadas privadas, y, luego, a la estabilidad de las tarifas de las llamadas transmarinas, cuando los efectos de la inflación hacían sentir en la mayoría de los demás sectores.

Como lo habíamos anunciado en el 24^o informe anual, la tercera estación terminal internacional de la SCTT situada en Toronto, entró en servicio el 15 de junio de 1974 y fue inaugurada el 30 de setiembre del mismo año. Tenía entonces una capacidad de 71 circuitos telefónicos directos con destino a cuatro países europeos. El centro de Ontario, territorio de dicha estación, tiene una gran actividad comercial y un tráfico telefónico intenso con proyecciones internacionales. Nuestra Sociedad decidió llevar el número de circuitos a 139, así, a partir del 31 de marzo de 1975, esta estación alcanza ocho países.

Se doblará pronto la capacidad del centro de conmutación telefónica de Montreal, que alcanzará los 2 000 circuitos. La Sociedad podrá así hacer frente al crecimiento normal del tráfico hasta 1980. Se preve que la central crossbar de Montréal será reemplazada a partir de 1979 por una nueva central telefónica informatizada con mando común por programa grabado. Esta nueva central que se conocerá bajo el nombre de "mando por programa grabado" (SPC), tendrá una capacidad prodigiosa, obedecerá a las nuevas normas internacionales de señalización y poseerá numerosas características internacionales de mando y mantenimiento. El servicio telefónico de nuestra Sociedad, que funciona a con un número limitado de circuitos

ex
enregistrement instantané des mes-
sages écrits a, sans aucun doute,
tribué au maintien de l'essor du
vice télex. Sur environ 200 pays
servis par le télex, 96 bénéficient
service complètement automatique
la Société et de la taxe minimale
ne minute. Durant le dernier exer-
e financier, 18 nouveaux pays ont
opté cette technique d'appels directs
abonnés sans l'aide de standar-
tes.

nouveau centre de commutation
ex d'une capacité optimale de 2,000
uits est en voie d'installation à
Montréal et sera mis en service au
cours du premier trimestre de 1976
urant ainsi la relève du système
uel de 900 circuits lorsque ce der-
aura atteint son point de saturation.
prévision de la croissance à long
me, la Société a accordé un contrat
Canadian Marconi Company pour

capacity and a number of other inter-
national control and maintenance
features.

Telex

The instant written record provided by telex has undoubtedly contributed to maintaining the strong growth of this service. Of the almost 200 destinations which can be reached by telex, 96 now benefit from COTC's fully automatic service and the resulting one-minute minimum charge. This subscriber-to-subscriber dialing without the assistance of an operator was extended to 18 additional locations in the past year.

A new telex switching centre with an ultimate capacity of 2,000 circuits is being installed in Montréal for service in the first quarter of 1976 when the present 900-circuit system is expected to reach saturation. In parallel, COTC has awarded a

y según métodos tradicionales, se hallará, dentro de cinco años, en la vanguardia de esta técnica.

Telex

La inscripción instantánea de los mensajes escritos contribuyó, no cabe duda, al mantenimiento del auge del servicio de telex. Hay unos doscientos países con los cuales se comunica por medio del telex; 96 de ellos se pueden alcanzar con nuestro servicio completamente automático, para el cual se aplica la tarifa mínima de un minuto. Durante el último ejercicio, 18 nuevos países adoptaron este sistema de llamadas directas entre abonados sin la ayuda de telefonistas.

Un nuevo centro de conmutación de telex con una capacidad máxima de 2 000 circuitos se está instalando en Montréal; entrará en servicio durante el primer trimestre de 1976, sustituyendo así al sistema actual

station terminale internationale de Toronto, qui
mise en service en juin, fut inaugurée le 30
embre 1974 en présence de MM. Robert Séguin,
cteur, Ingénierie; Hubert Potvin, Directeur,
tions publiques; J. S. Crispin, Vice-président,
ations; N. T. Byrne, Vice-président, Marketing;
Trotter, Gérant, Station terminale internationale
Toronto et Jean-Claude Delorme, Président
recteur général.

The Toronto Gateway which went into operation in June, was officially opened on September 30, 1974. At the ceremony were Messrs. R. Séguin, Director, Engineering Services; Hubert Potvin, Director, Public Relations; J. S. Crispin, Vice-President, Operations; N. T. Byrne, Vice-President, Marketing; Paul Trotter, Manager, Toronto Gateway; and Jean-Claude Delorme, President.

La estación terminal internacional de Toronto, que empezó a funcionar en junio de 1974, fue oficialmente inaugurada el 30 de setiembre del mismo año. Estaban presentes en dicha ceremonia los Señores R. Séguin, director de los Servicios Técnicos, Hubert Potvin, director de Relaciones Públicas, J. S. Crispin, vicepresidente de Operaciones, N. T. Byrne, vicepresidente de la Comercialización, Paul Trotter, gerente de la estación terminal internacional de Toronto, y Jean-Claude Delorme, presidente de la SCTT.



la mise au point d'un système de commutation télex sans blocage. Le premier du genre au monde, ce nouveau système sera, à l'instar du service téléphonique, à la fine pointe du progrès technologique d'ici cinq ans et aura une capacité pratiquement illimitée.

Télégraphe

Le volume du trafic télégraphique avait subi une baisse légère durant l'année financière 1973-1974 mais la demande a quelque peu augmenté durant l'exercice 1974-1975, en dépit d'une diminution à l'échelle mondiale. Toutefois, les coûts de ce service sont toujours élevés. Compte tenu du fait que toutes les administrations étrangères accusent le même écart notable entre les coûts et les revenus, la Société a entrepris, de concert avec ses homologues étrangers, une étude approfondie de ses services télégraphiques, de ses méthodes de taxation et d'acheminement du trafic. Cette étude vise à déterminer dans quelle mesure il serait possible de rationaliser et de simplifier la structure tarifaire et aussi d'améliorer les coûts et l'efficacité d'exploitation du service télégraphique.

Données et services spéciaux

Des efforts considérables ont été déployés dans un certain nombre de secteurs, pour mettre au point des services hautement perfectionnés en fonction de la demande croissante en télécommunications internationales du monde des affaires canadien.

Un réseau de données numériques poste à poste entre le Canada et le Royaume-Uni, projet conjoint de la SCTT et du *Post Office* du Royaume-Uni, sera mis en service en 1975 et devrait s'étendre outre-mer à plusieurs marchés commerciaux d'envergure.

Le travail s'est également poursuivi, au cours de l'exercice, relativement au perfectionnement et à l'expansion d'installations de commutation de messages par ordinateur sur configuration de circuits privés pour les grands utilisateurs commerciaux.

Location de circuits

La location de circuits dans le secteur privé a connu un fléchissement pendant l'exercice écoulé. En effet, plusieurs entreprises se sont vues dans l'obligation d'annuler leurs contrats de location en raison des conditions économiques. La Société espère, cependant, que la situation se corrigera

contract to the Canadian Marconi Company for the development of a non-saturating telex switching system to handle the long-term growth. As with telephone service, COTC's telex exchange will also move to the forefront within five years. The new exchange will be the first of its kind in the world and will provide practically unlimited service capability.

Telegraph

After a slight decrease in telegraph traffic volumes in the fiscal year 1973/74, the demand for this service recovered somewhat during the past year, despite the overall decline in telegraph service demand around the world. However, costs associated with this service have remained high. This is a situation which is being experienced by all administrations abroad; thus, in the light of the resulting disproportion in the relationship between costs and revenues, the Corporation, along with its foreign correspondents, is undertaking a fundamental review of its telegraph service offerings, charging arrangements and traffic-handling procedures with a view to rationalizing and simplifying the rate structure and to improving the cost and operational efficiency of the service.

Data and Special Services

The past year saw a high level of activity in a number of areas related to the development of more sophisticated services designed to meet the growing needs of the Canadian business community for international telecommunications.

A point-to-point digital data network between Canada and the United Kingdom, the result of close cooperation between COTC and the Post Office (U.K.), will be introduced during 1975 with later expansion planned to several other major overseas business markets.

Work also proceeded on the upgrading and expansion of facilities for computer message switching on private circuit configurations for large business users.

Leased Circuits

The area of private leased circuits was one where the Corporation was adversely affected due to the economic conditions prevailing during

de 900 circuits que habrá alcanzado su punto de saturación. Nuestra Sociedad concedió un contrato a Canadian Marconi Company para la creación de un sistema de comunicación de telex sin bloqueo, en previsión del crecimiento a largo plazo. Este nuevo sistema, que será el primero en su género en el mundo, estará dentro de cinco años a la vanguardia del progreso tecnológico, al igual que el servicio telefónico, y tendrá una capacidad casi ilimitada.

Telégrafos

El volumen del tráfico telegráfico había bajado ligeramente durante el año económico 1973/74, pero la demanda aumentó un poco durante el ejercicio 1974/75 a pesar de la disminución mundial. Con todo, los costos de este servicio siguen siendo elevados. Puesto que todas las administraciones extranjeras encaran la misma diferencia considerable que existe entre los costos y los ingresos, nuestra Sociedad está estudiando a fondo, con las otras sociedades extranjeras, sus servicios telegráficos, sus métodos de facturación, el encaminamiento del tráfico. Este estudio tiene por objeto determinar la medida en que se podría racionalizar y simplificar la estructura de las tarifas y también mejorar los costos y la eficacia del uso del servicio telegráfico.

Datos y servicios especiales

Se han desplegado grandes esfuerzos en varios sectores para organizar servicios altamente perfeccionados para satisfacer la demanda creciente de telecomunicaciones internacionales de parte del mundo de los negocios del Canadá.

Entrará en servicio en 1975 una red de datos numéricos de aparato a aparato entre el Canadá y el Reino Unido, proyecto común de la SCTT y del Servicio de Correos del Reino Unido, que se extenderá más tarde a varios mercados comerciales importantes.

Se siguió trabajando, durante el mismo ejercicio, para perfeccionar y ampliar las instalaciones de comunicación de mensajes por computadora sobre configuración de circuitos privados para los grandes usuarios comerciales.

Circuitos arrendados

Durante el último ejercicio, el alqu-

urant l'exercice financier 1975-1976 prévoit une reprise dans ce secteur u marché.

Stévision internationale

La Société a assuré des services télévisuels lors d'événements spéciaux tels les championnats mondiaux de cyclisme en août, la visite du roi Hussein du Canada en septembre et la série de hockey Canada-URSS à l'automne 1974.

Un concert avec le ministère des Communications du Québec, la Société a également participé à des téléconférences en circuit fermé entre le Québec et la France sur des questions médicales et économiques.

La mise sur pied des installations de transmission télévisuelle internationale des Jeux Olympiques de 1976 se poursuit activement. La participation de la SCTT à cet événement fait l'objet d'une autre rubrique de ce Rapport.

La situation financière

Les principaux postes des états financiers pour le dernier exercice se résument comme suit: les revenus en 1974-1975 se sont chiffrés à \$61,085,944, comparativement à \$47,068,864 en

the year as a number of business organizations found it necessary to cancel their private facilities. We are hopeful, however, that this situation will be reversed in the coming year and we are forecasting a return to the growth trend in this sector of our market.

International Television

Television facilities were made available for special events including the World Cycling Championships in August, King Hussein's visit to Canada in September, and the Canada/USSR hockey series which took place in the fall of 1974.

Again during the past fiscal year, the Corporation participated with the Québec Department of Communications in closed-circuit medical and business teleconferences between Québec and France.

The Corporation is actively engaged in planning for the significant international television requirements associated with the 1976 Olympics. The range of our activities in this area is outlined in a subsequent section of this report.

de circuits en el sector privado sufrió una baja. En realidad, varias empresas han tenido que cancelar sus contratos de alquiler a causa de la situación económica adversa. La SCTT espera, con todo, que la situación mejorará durante el año 1975/76 y que este sector tomará un nuevo impulso.

Televisión internacional

La SCTT aseguró los servicios de televisión durante varios acontecimientos especiales como los campeonatos mundiales de ciclismo en agosto, la visita del rey Hussein al Canadá en setiembre y la serie de hockey sobre hielo entre el Canadá y la URSS en el otoño de 1974.

Durante el último ejercicio, la Sociedad participó nuevamente, con el Ministerio de Comunicaciones del Québec, en varias teleconferencias en circuito cerrado, sobre asuntos médicos y económicos, entre el Québec y Francia.

La Sociedad está trabajando activamente en la preparación de las instalaciones necesarias para la transmisión mundial de los Juegos Olímpicos de 1976. Nuestra participación en este acontecimiento se describe en otra rúbrica del presente informe.

Situación financiera

Los elementos principales de los estados financieros para el último ejercicio se pueden resumir como sigue: los ingresos en 1974/75 alcanzaron \$61 085 944, comparados con \$47 068 864 en 1973/74. La depreciación alcanzó \$10 598 558 en 1974/75, comparados con \$8 934 832 en 1973/74, lo que constituye un aumento de 19 por 100. El impuesto sobre la renta pasó de \$8 888 705 a \$11 164 700, o sea una diferencia de \$2 275 995.

Los beneficios brutos —antes del pago de impuestos— conocieron un aumento de \$3 728 530, habiendo pasado de \$18 233 235 en 1973/74 a \$21 961 765 en 1974/75, mientras

La série de hockey Canada-URSS à l'automne 1974 compte parmi les événements spéciaux dont la SCTT a assumé la transmission télévisuelle à l'échelle mondiale.

One of the special events for which COTC provided international television facilities was the Canada-USSR hockey series which took place in the fall of 1974.

Uno de los acontecimientos especiales para los cuales la SCTT ofreció servicios internacionales de televisión fue la serie de hockey entre el Canadá y la URSS, que tuvo lugar en el otoño de 1974.



1973-1974. L'amortissement a atteint \$10,598,558 en 1974-1975 par rapport à \$8,934,832 en 1973-1974, ce qui représente une augmentation de 19 p. cent. L'impôt sur le revenu est passé de \$8,888,705 à \$11,164,700, soit une différence de \$2,275,995.

Les bénéficiaires avant impôt ont enregistré une hausse de \$3,728,530, passant de \$18,233,235 en 1973-1974 à \$21,961,765 en 1974-1975 alors que les bénéficiaires nets pour l'exercice s'élevaient à \$10,797,065, comparativement à \$9,344,530 en 1973-1974.

Les chiffres suivants illustrent la croissance des volumes de trafic pour chacun des principaux services que la Société offre au public:

Volumes d'arrivée et de départ

pour 1974-1975 et 1973-1974

(en milliers de mots ou de minutes)

	1974- 1975	1973- 1974	Augmen- tation
Téléphone (mn)	46,900	33,425	40.3%
Télex (mn)	12,200	9,637	26.6%
Télégraphe (mots)	51,800	49,239	5.2%

Au cours de cet exercice, le revenu total échéant aux sociétés exploitantes canadiennes pour les trois plus importants services publics indiqués ci-dessus s'est chiffré à \$77,540,000; de cette somme, la part des entreprises exploitantes nationales fut de \$30,217,000 alors que celle de la Société fut de \$47,323,000.

On trouvera ci-joint un exemplaire des états financiers pour l'exercice terminé le 31 mars 1975, ainsi qu'une copie du rapport présenté par l'Auditeur général du Canada.

Participation aux travaux des forums externes

De par la nature de son mandat, la Société entretient d'étroites relations avec plusieurs organismes nationaux et internationaux tels que l'Organisation des Télécommunications du Commonwealth (CTO), l'Organisation internationale de télécommunications par satellites (INTELSAT), l'Union internationale des télécommunications (UIT) et l'Association canadienne des entreprises de télécommunications (ACET). La Société participe activement aux réunions de ces organismes dont l'objectif est de discuter en profondeur toute question d'intérêt commun pour les sociétés de télécommunications au Canada et à l'étranger.

Financial Position

The main items for the period under review are summarized as follows:

Income in 1974/75 amounted to \$61,085,944, compared with \$47,068,864 in 1973/74. Depreciation rose by 19 per cent to \$10,598,558 in 1974/75, from \$8,934,832 in 1973/74. Income tax increased by \$2,275,995, to \$11,164,700 from \$8,888,705.

Income before taxes increased by \$3,728,530 to \$21,961,765 in 1974/75, from \$18,233,235 in 1973/74, while Net Income for the year increased to \$10,797,065 from \$9,344,530.

The following table illustrates the growth of traffic volumes for each of the major public services:

Volumes for 1974/75 and 1973/74

(outward and inward) ('000 Mins or Words)

	1974/75	1973/74	Increase
Telephone	46,900	33,425	40.3%
Tellex	12,200	9,637	26.6%
Telegraph	51,800	49,239	5.2%

During the year under review, the traffic volumes noted above for the three major public services generated revenues of \$77,540,000 for the Canadian carriers; of this amount, \$30,217,000 accrued to the Canadian domestic carriers while \$47,323,000 accrued to the Corporation.

Financial Statements for the year ended March 31, 1975, are submitted herewith by the Auditor General of Canada.

External Forums

In view of the nature of its business, the Corporation works in close association with a number of national and international organizations such as the Commonwealth Telecommunications Organisation (CTO), the International Telecommunications Satellite Organization (INTELSAT), the International Telecommunication Union (ITU), and the Canadian Telecommunications Carriers Association (CTCA). These forums allow for the systematic and comprehensive discussion of issues of common interest to telecommunicators in Canada and abroad.

The Commonwealth Telecommunications Organisation The CTO has a membership of 24 Commonwealth countries and serves

que los beneficios netos del ejercicio alcanzaron \$10 797 065, comparados con \$9 344 530 en 1973/74.

Las cifras siguientes reflejan el crecimiento del volumen del tráfico por cada uno de los principales servicios que la Sociedad ofrece al público:

TRAFFICO EN 1974/75 y 1973/74

(entradas y salidas)

(en millares de palabras o minutos)

	1974/75	1973/74	Aumento
Teléfonos (minutos)	46 900	33 425	40,3%
Tellex (minutos)	12 200	9 637	26,6%
Telégrafos (palabras)	51 800	49 239	5,2%

Durante este ejercicio, el ingreso total de las sociedades canadienses que ofrecen al público los tres servicios que acabamos de mencionar alcanzó \$77 540 000, de los cuales \$30 217 000 correspondieron a las empresas nacionales y los \$47 323 000 restantes a nuestra Sociedad.

Publicamos en este informe los estados financieros del ejercicio que terminó el 31 de marzo de 1975, controlados por el Auditor General del Canadá.

Organizaciones y asociaciones

Debido a su naturaleza, la Sociedad considera que es esencial participar activamente en varias organizaciones nacionales e internacionales como la Organización de Telecomunicaciones del Commonwealth (CTO), la Organización Internacional de Telecomunicaciones por Satélite (INTELSAT), la Unión Internacional de Telecomunicaciones (UIT) y la Asociación Canadiense de Empresas de Telecomunicaciones (ACET). Estas organizaciones permiten agotar todos los temas que interesan por igual a las empresas de telecomunicaciones del Canadá y del extranjero.

Organización de Telecomunicaciones del Commonwealth (CTO)

La Organización de Telecomunicaciones del Commonwealth cuenta con 24 miembros; su objeto principal es promover la eficacia del funcionamiento y del desarrollo de los servicios de telecomunicaciones transnacionales de los países miembros. Ofrece igualmente un mecanismo de cooperación para los asuntos relacionados con políticas y sistemas de telecomunicaciones exteriores y para la aplicación de las disposiciones financieras.

Organisation des Télécommunications du Commonwealth (CTO)

Organisation des Télécommunications du Commonwealth compte 24 membres et a pour objectif principal promouvoir l'exploitation et le développement efficaces des services de télécommunications extérieures des pays associés. Elle fournit également un mécanisme de consultation sur les questions de politiques et de procédures des télécommunications extérieures et pour l'application des dispositions financières. Ce mécanisme permet à tous les associés d'utiliser commun leurs installations de télécommunications extérieures et d'en partager les frais d'exploitation.

Société est un membre actif au sein de la CTO et de ses divers organes.

Président et Directeur général de la SCTT a été élu Président du *Commonwealth Telecommunications Council* (CTC) et du *Standing Committee of Council* (SCC), à la 11^e Réunion annuelle du Conseil en juillet 1973 et élu à la 12^e Réunion en novembre 1974 pour un nouveau mandat d'un an.

Vice-président du Marketing, N. T. Byrne, est Président du groupe d'experts chargés du Marketing et des Tarifs. Il préside également le Comité de direction d'un groupe d'étude institué dans le but de trancher plusieurs questions laissées en suspens lorsque les dispositions financières des télécommunications des pays du Commonwealth (CTFA) entrèrent en vigueur en avril 1973.

Société est représentée auprès de quatre groupes d'experts: le groupe chargé du Marketing et des Tarifs, dont les membres furent les hôtes de la SCTT lors de leur deuxième réunion à Montréal, en février 1975; le groupe responsable de l'Exploitation des réseaux; le groupe affecté à la Mise au point des systèmes qui tenait sa première réunion à Vancouver en juin 1974 et, en dernier lieu, le groupe spécialisé en Accords comptables.

Suite à l'adoption des dispositions financières déjà citées, il devint évident que la réussite de l'application de ces dispositions complexes dépendait de la formation pertinente du personnel de gestion financière de chaque Société nationale. Le Conseil prit donc la décision d'organiser une série de séminaires dans ce but. Le premier eut lieu à la Barbade, en juin 1975, sous l'égide du *Commonwealth*

primarily to promote the efficient exploitation and development of the external telecommunications services of the member countries. It also provides machinery for consultation on external telecommunications policies and practices as well as for the administration of the financial arrangements providing primarily for the use in common of each member's external telecommunications facilities and for the sharing of the operating expenses of these facilities.

The Corporation is active in this organization as well as in the work of its various organs. The President is serving as Chairman of the Commonwealth Telecommunications Council (CTC) and of the Standing Committee of Council (SCC), having been elected as Chairman at the 11th Council Meeting in July 1973 and re-elected at the 12th Meeting in November 1974 for a further one-year term. The Vice-President, Marketing, Mr. N. T. Byrne, acts as Chairman of the Specialist Group on Marketing and Tariffs and as Chairman of the Steering Group of a Task Force set up for the purpose of finalizing a number of issues left outstanding at the time the new Commonwealth Telecommunications Financial Arrangements (CTFA) came into effect in April 1973.

The Corporation is also represented on the four Specialist Groups, namely, the Specialist Group on Marketing and Tariffs, whose second meeting was hosted by COTC in Montréal in February 1975; the Specialist Group on Network Operations; the Specialist Group on Systems Development, which held its first meeting in Vancouver in June 1974; and the Specialist Group on Accounting Arrangements.

Following the adoption of the CTFA, it became apparent that the effectiveness of these complex financial arrangements was dependent upon the degree of knowledge and understanding by the financial managerial staff of each national body; thus, the Council agreed to organize a series of seminars with a view to providing the staff of the member administrations with appropriate training in this field. The Commonwealth Telecommunications Bureau undertook to conduct these seminars, the first of which was held in

cieras. Este mecanismo permite a todos los miembros utilizar en común sus instalaciones de telecomunicaciones con el exterior y repartirse los gastos correspondientes.

La SCTT es un miembro activo de la Organización de Telecomunicaciones del Commonwealth y de sus diversos órganos. Nuestro presidente y director general fue elegido presidente del Consejo de Telecomunicaciones del Commonwealth (CTC) y del Standing Committee of Council (SCC), durante la 11^a Reunión Anual del Consejo en julio de 1973 y fue reelegido durante la reunión siguiente en noviembre de 1974 para un nuevo período de un año. El vicepresidente de la Comercialización, Sr. N. T. Byrne, es presidente del grupo de expertos encargado de la comercialización y de las tarifas. Es también presidente del Comité de dirección de un grupo de estudio constituido con el fin de resolver varios asuntos que quedaron pendientes cuando en abril de 1973 las disposiciones financieras relacionadas con las telecomunicaciones de los países del Commonwealth (CTFA) entraron en vigor.

La Sociedad está representada en cuatro grupos de expertos: el grupo encargado de la comercialización y de las tarifas, cuyos miembros fueron recibidos por la SCTT cuando celebraron su segunda reunión en Montréal en febrero de 1975; el grupo responsable del uso y funcionamiento de las redes; el grupo encargado del perfeccionamiento de los sistemas, que celebró su primera reunión en Vancouver en junio de 1974 y, por último, el grupo especializado en disposiciones financieras.

Luego de la adopción de las disposiciones financieras que acabamos de mencionar, llegó a ser evidente el hecho de que la eficacia de estos arreglos complejos dependía de la formación adecuada del personal de gestión financiera de cada entidad nacional. Así, pues, el Consejo tomó la decisión de organizar una serie de seminarios con este fin. El primero tuvo lugar en Barbados en junio de 1975, bajo los auspicios del Commonwealth Telecommunications Bureau y los otros dos se celebrarán en Kenia y en Sri Lanka los días 18 y 25 de agosto de 1975. Además, debido a la rápida evolución en este campo

Télécommunications Bureau et les deux autres seront tenus au Kenya et au Sri Lanka les 18 et 25 août 1975. En outre, l'évolution rapide de l'environnement et le rythme accéléré des progrès technologiques ont amené le Conseil à entreprendre une étude des objectifs et des méthodes de travail de l'Organisation afin que celle-ci se conforme aux exigences de ses membres.

L'Organisation internationale de télécommunications par satellites (INTELSAT)

La troisième session de la Réunion des Signataires, représentant les entités exploitantes d'INTELSAT, s'est tenue à Montréal du 1^{er} au 4 avril 1975. À titre de Signataire canadien de l'Accord d'exploitation d'INTELSAT, la SCTT fut l'hôte de cette Réunion, l'un des événements importants des célébrations de son 25^e anniversaire.

Au cours de son allocution inaugurale, l'honorable Gérard Pelletier, Ministre des Communications du Canada, déclarait que "le Canada, du fait de sa situation géographique, est destiné à être un carrefour des télécommunications" et que "le peuple canadien a pris l'engagement historique de participer aux télécommunications internationales". Il ajoutait également que "la Société canadienne des Télécommunications Transmarines et INTELSAT ont pleinement justifié les espoirs que nourrissait le Gouvernement canadien en conférant à la SCTT un mandat pour représenter les intérêts canadiens au sein d'INTELSAT".

La Société est représentée auprès du Conseil des Gouverneurs par M. Marcel Perras, qui fut nommé Directeur des relations avec Intelsat le 1^{er} janvier 1975. Elle participe aussi aux activités de plusieurs commissions consultatives au sein du Conseil. M. Yves Langlois, Directeur des Services financiers de la SCTT, est Président de la Commission consultative des Finances.

Une première décennie de croissance phénoménale vient de s'achever pour INTELSAT. Fondée en 1964 avec onze Signataires qui exploitaient entre eux cinq stations terriennes, cette organisation compte aujourd'hui 91 Signataires qui exploitent 111 antennes et 88 stations terriennes.

Les générations de satellites se sont succédé en partant d'Early Bird (connu

Barbados in June 1975, while two more are scheduled to be held in Kenya and Sri Lanka commencing August 18 and 25, 1975, respectively.

Furthermore, in view of the rapidly changing environment and the accelerated pace of technological progress, the Council agreed to undertake a review of the purposes of the Organisation and of its working arrangements with a view to ensuring that it remains attuned to the requirements of its members.

International Telecommunications Satellite Organization

The third Meeting of Signatories, representing the operating entities of INTELSAT, was held in Montréal from April 1 through 4, 1975. As the Canadian Signatory to the INTELSAT Operating Agreement, COTC hosted the meeting as one of the main events in its 25th anniversary celebrations.

In his opening address to the delegates, the Honourable Gérard Pelletier, Minister of Communications, stated that "Canada is destined by geographical situation to be a crossroads of telecommunications" and noted the historical commitment of the Canadian people to participation in international telecommunications. He also noted that COTC and INTELSAT "had fully justified the hopes held by the Canadian Government when it conferred on COTC a mandate for assuring Canadian interests in the INTELSAT endeavour."

COTC is represented on the Board of Governors by Mr. M. Perras who was appointed Director, Intelsat Relations, on January 1, 1975. COTC also participates actively in the several Advisory Committees to the Board. Mr. Yves Langlois, COTC's Director of Financial Services, is Chairman of the Advisory Committee on Finance.

INTELSAT has just completed its first decade during which it experienced a phenomenal growth. Starting in 1964 with 11 Signatories, who among them operated five earth stations, its membership now stands at 91 Signatories with an aggregate of 88 earth stations and 111 antennas.

Satellite design has advanced from Early Bird (designated INTELSAT I) with 240 voice circuits or one televi-

y al ritmo acelerado del progreso tecnológico, el Consejo decidió llevar a cabo un estudio de los objetivos y métodos de trabajo de la Organización con el fin de asegurar que ésta se ajuste con las exigencias de sus miembros.

Organización Internacional de Telecomunicaciones por Satélite (INTELSAT)

La tercera Reunión de Signatarios, representando a las entidades miembros de INTELSAT, se celebró en Montréal del 1^o al 4 de abril de 1975. Habiendo representado al Canadá como Signatario de los acuerdos de INTELSAT, la SCTT acogió dicha reunión como uno de los principales acontecimientos de las celebraciones de su propio 25^o aniversario.

En su discurso inaugural a los delegados, el honorable Gérard Pelletier, ministro de Comunicaciones, dijo que el Canadá estaba destinado, por su situación geográfica, a jugar un papel preponderante en las telecomunicaciones y subrayó que el pueblo canadiense se había comprometido solemnemente a colaborar en las telecomunicaciones internacionales. También agregó que la Sociedad Canadiense de Telecomunicaciones Transmarinas e INTELSAT habían plenamente justificado las esperanzas que tenía el gobierno canadiense al confiar a la SCTT el mandato de representar los intereses canadienses en el seno de INTELSAT.

La SCTT está representada en la Junta de Gobernadores por el Sr. Marcel Perras, que fue nombrado director de las Relaciones con INTELSAT el 1^o de enero de 1975. Nuestra Sociedad participa también activamente en varias comisiones consultivas que dependen de la junta. El Sr. Yves Langlois, director de los Servicios Financieros de la SCTT, es presidente de la comisión consultiva de asuntos financieros.

Acaba de terminarse para INTELSAT un primer decenio de crecimiento extraordinario. Fundada en 1964 por once Signatarios que utilizaban cinco estaciones terrenas, esta organización reúne hoy a 91 Signatarios que poseen 111 antenas y 88 estaciones

Las generaciones de satélites se han sucedido desde "Early Bird" — conocido bajo el nombre de INTELSAT I — que ofrecía 240 circuitos o un canal

le nom d'INTELSAT I) qui offrait 10 circuits téléphoniques ou une voie télévisuelle, pour aboutir au satellite INTELSAT IV-A, qui sera lancé en 1975. Lui-ci possédera une capacité de 100 circuits téléphoniques auxquels s'ajouteront le système SPADE (équipement pour accès multiple par association en fonction de la demande) et une seule voie porteuse et modulation par impulsions et codage) et la transmission télévisuelle. Une nouvelle génération, INTELSAT V, verra le jour en 1979 et offrira 12.500 circuits téléphoniques, le système SPADE, la technique nouvelle dite AMRT (accès multiple par répartition dans le temps), réutilisation de la fréquence des polarités orthogonales ainsi que plusieurs autres innovations technologiques.

Le financement de cette entreprise a nécessité des contributions nettes au total de la part des Signataires de l'ordre de \$360 millions à ce jour. Les contributions individuelles au capital sont déterminées par l'utilisation proportionnelle du système. Le Canada tient le huitième rang en importance au point de vue de sa part d'investissement (2,72 p. cent) dans les actifs mobilisés.

single channel through four generations to the INTELSAT IV-A, being introduced this year, with a capacity of 6,000 voice circuits plus SPADE (Single channel, Pulse code modulation, Assignment on Demand Equipment) and television. Yet another generation will be introduced in late 1979, the INTELSAT V, with some 12,500 voice circuits plus SPADE, TDMA (Time Division Multiple Access), dual polarity frequency re-use and many other technological innovations.

To finance this development, the net capital contributions by the Signatories now amount to nearly \$360 million. Individual capital contributions are based on the relative utilization of the system and Canada, with a share of 2.72 per cent, has the eighth largest investment share.

International Telecommunication Union

COTC is a recognized private operating agency in the Consultative Committee on International Radio (CCIR) and the Consultative Committee on International Telegraph and Telephone (CCITT), which are the two main bodies of the ITU. As such,

de télévision, hasta llegar al satélite INTELSAT IV-A que será lanzado en 1975. Este último tendrá una capacidad de 6 000 circuitos telefónicos, a los cuales se agregarán el sistema SPADE (equipo para acceso múltiple por asignación en función de la demanda, con un solo canal, con modulación por impulsos y uso de códigos) y la transmisión de televisión. Una nueva generación, INTELSAT V, será introducida a fines de 1979 y ofrecerá 12 500 circuitos telefónicos, el sistema SPADE, la nueva técnica llamada AMRT (acceso múltiple por repartición en el tiempo), la reutilización de la frecuencia de las polaridades ortogonales, así como varias otras innovaciones tecnológicas.

Para financiar este nuevo desarrollo, los Signatarios han contribuido hasta ahora un capital neto de unos 360 millones de dólares. Se determina la contribución individual según la utilización proporcional del sistema. El Canadá ocupa el octavo puesto por sus inversiones (2,72 por 100).

Unión Internacional de Telecomunicaciones (UIT)

La SCTT es una entidad privada de explotación reconocida en el Comité Consultivo Internacional de Radiocomunicaciones (CCIR) y el Comité Consultivo Internacional Telefónico y Telegráfico (CCITT), que son los organismos principales de la UIT. Así, la SCTT participó activamente en el establecimiento y trabajos de los Organismos Nacionales Canadienses (ONC) creados por el Ministerio de Comunicaciones para representar al Canadá en los comités mencionados; la SCTT obra, además, en el seno de los 21 grupos nacionales de estudio.

La UIT prevé la celebración de dos Conferencias Administrativas de Radiocomunicaciones en Ginebra,

L'honorable Gérard Pelletier, ministre fédéral des Communications, prononçant le discours inaugural lors de la troisième Réunion des Signataires d'INTELSAT qui eut lieu cette année à Montréal du 1^{er} au 4 avril à l'occasion du 25^e anniversaire de la SCTT. M. Pelletier se trouve en compagnie de M. Luis Terol d'Espagne.

The Minister of Communications, the Hon. Gérard Pelletier, gave the opening address at the Third Meeting of INTELSAT Signatories held this year from April 1 to 4 in Montréal in honour of COTC's 25th Anniversary. With Mr. Pelletier is Mr. Luis Terol of Spain.

El Sr. Gérard Pelletier, ministro de Comunicaciones, pronunció el discurso inaugural en la Tercera Reunión de Signatarios de INTELSAT celebrada del 1 al 4 de abril de 1975 en Montréal, en honor del 25^o aniversario de la SCTT. El Sr. Pelletier se halla aquí en compañía del Sr. Luis Terol de España.



L'Union internationale des télécommunications (UIT)

La Société agit en qualité d'exploitation privée reconnue au sein des deux principaux organismes de l'UIT, à savoir le Comité consultatif international des radiocommunications (CCIR) et le Comité consultatif international téléphonique et téléphonique (CCITT). Elle a largement contribué, à ce titre, à la création et au travail des organisations (OCN/CCIR et OCN/CCITT) mises sur pied par le ministère des Communications pour représenter le Canada auprès de ces deux comités. Elle œuvre, par ailleurs, au sein des 21 groupes d'études nationaux.

L'UIT prévoit la tenue en 1977 et en 1979 de deux Conférences administratives mondiales des radiocommunications à Genève. La Société était représentée aux séances inaugurales du Comité interministériel du gouvernement canadien et envisage de participer d'une manière significative à la préparation de la prise de position canadienne qui sera adoptée lors de ces conférences.

L'Association canadienne des entreprises de télécommunications (ACET)

À l'échelle nationale, la Société a pris part aux travaux de divers comités de l'ACET, association dont l'objectif est d'harmoniser les points de vue de ses membres quant au développement des télécommunications au Canada.

Dans le cadre des célébrations de son 25^e anniversaire, la Société a été l'hôte de la réunion annuelle de l'ACET à Montréal du 15 au 17 juin 1975.

Développement dans la région de l'Atlantique Nord

La Société a participé à de nombreuses réunions convoquées dans le but de discuter, avec d'autres administrations nord-américaines et européennes, un mode de planification plus systématique des installations importantes dans la région de l'Atlantique Nord et de coordonner la mise au point des réseaux en câbles et à satellites.

Les pays de l'Atlantique Nord dont le Canada, représenté par la SCTT, ont également tenu des réunions afin de mettre à jour les diverses ententes de participation relatives aux câblers, compte tenu de deux nouveaux facteurs: l'installation de systèmes de câbles de plus en plus complexes et d'une plus grande capacité, et la mise

COTC participatió fully in the establishment and work of the Canadian National Organizations (CNO) established by the Department of Communications to deal with Canadian participation in these two forums and was represented on all 21 national study groups.

The ITU is planning to hold two World Administrative Radio Conferences in Geneva, one in 1977 and the other in 1979. The Corporation has participated in the inaugural meetings of the Canadian Government Interdepartmental Committee and expects to contribute in a meaningful manner to the preparation of a Canadian position to be adopted for these conferences.

Canadian Telecommunications Carriers Association

On the domestic front, the CTCFA provides a useful forum for the achievement of a uniform position regarding the development of telecommunications in Canada and the Corporation participated actively in the work of the various committees.

In conjunction with the celebration of its 25th anniversary, the Corporation was host to the annual meeting of the Association in Montréal from June 15 to 17, 1975.

North Atlantic Planning

The Corporation has attended several meetings with other North American and European administrations, convened to discuss a more systematic planning approach to the provision of major facilities in the North Atlantic area including the coordination of satellite and cable network development.

Faced with larger and more complex cable systems and with new techniques such as the burial of cables, the North Atlantic community, including COTC, has also been meeting to re-structure various cables-sharing agreements on a more adequate basis.

A number of administrations, including the Post Office (U.K.), the French PTT, Cable and Wireless Limited, AT&T and COTC, are considering the joint acquisition and utilization of a remotely controlled submersible vehicle to be used for the repair and maintenance of buried cables such as CANTAT 2.

una en 1977 y otra en 1979. Nuestra Sociedad participó en las reuniones inaugurales del Comité Interministerial del gobierno canadiense y espera contribuir a la elaboración de la posición canadiense que se adoptará en dichas conferencias.

Asociación Canadiense de Empresas de Telecomunicaciones (ACET)
Sobre el plano nacional, nuestra Sociedad participó en los trabajos de varios comités de la ACET, cuyo objeto es coordinar los puntos de vista de sus miembros en lo que se refiere al desarrollo de las telecomunicaciones en el Canadá.

En el marco de las celebraciones de su 25^o aniversario, nuestra Sociedad acogió la reunión anual de la ACE en Montréal del 15 al 17 de junio de 1975.

Desarrollo en la región del Atlántico Norte

La SCTT participó en varias reuniones convocadas para estudiar, con otras administraciones norteamericanas y europeas, un método de planificación más sistemático de las instalaciones importantes en la región del Atlántico Norte y coordinar el desarrollo de las redes de cables y de satélites.

Los países del Atlántico Norte, incluso el Canadá, representado por la SCTT, han celebrado algunas reuniones para poner al día los diversos acuerdos de participación en relación con los cables, teniendo en cuenta dos nuevos factores: la instalación de sistemas de cables cada vez más complejos y de mayor capacidad y la introducción de nuevas técnicas, como los cables enterrados.

Algunas administraciones, incluyendo el Servicio de Correos del Reino Unido, los Correos y Telégrafos franceses, la Cable and Wireless Limited y la AT&T de los EE. UU., así como la SCTT, estudian actualmente la posibilidad de comprar y utilizar conjuntamente un sumergible teleguiado para la reparación y mantenimiento de los cables enterrados, como el CANTAT 2.

Desarrollo en la región del Pacífico
La Sociedad estudió, con los organismos semejantes del extranjero y del Commonwealth, la posibilidad de aumentar la capacidad de los circuitos telefónicos y de otras formas de tráfico en la región del Pacífico.

point de nouvelles techniques
elles que l'enfouissement des câbles.

certaines administrations, dont le *Post Office* du Royaume-Uni, les PTT de France, la *Cable and Wireless Limited* de l'AT&T des États-Unis ainsi que la SCTT, étudient actuellement la possibilité d'acheter et d'utiliser conjointement un submersible téléguidé pour la réparation et la maintenance des câbles enfouis tels que CANTAT 2.

Développement dans la région du Pacifique

Dans la région du Pacifique, la Société étudiée, de concert avec ses homologues étrangers et ceux du Commonwealth, la possibilité d'augmenter la capacité des circuits téléphoniques et celle d'autres formes de trafic. Ils ont également envisagé l'utilisation de circuits en câble sur le nouveau système reliant la côte américaine à Okinawa par Hawaï et Guam. Les États-Unis, le Japon et l'Australie procèdent actuellement à l'installation de ce système.

Les acheminements supplémentaires par câbles permettront une diversité appréciable au sein des systèmes de câbles et à satellites déjà existants et augmenteront leur capacité. La Société négocie actuellement l'achat de circuits sur ce système de câbles, sous forme de droit imprescriptible de l'utilisateur. Dans le but d'accroître la capacité d'une section de nouvel acheminement, un équipement TASI (interpolation de signaux vocaux par assignation en fonction du temps) plus perfectionné, sera installé à Vancouver et à Sydney (Australie) et exploité conjointement par le Canada, l'Australie et les États-Unis.

Juegos Olímpiques

De concert avec plusieurs organismes, la Société mettra à la disposition de la presse, de la radio et de la télévision internationale des installations visant

la capacité du centre de commutation téléphonique de la station terminale internationale de Montréal sur le point d'être doublée pour atteindre le nombre de 2 000 circuits. Elle permettra de faire face à la demande occasionnée par les Jeux Olympiques de 1976 et de répondre à la croissance normale du trafic.

Le telephone switching centre at the Montréal railway is currently being doubled to 2000 circuits to meet the demands of, first, the 1976 Olympic Games and, secondly, the normal growth in traffic.

El centro de conmutación telefónica en la estación terminal internacional de Montréal está doblando su capacidad que alcanzará los 2 000 circuitos para satisfacer, primero, las necesidades de los Juegos Olímpicos de verano en 1976 y, luego, el crecimiento normal del tráfico.

Pacific Planning

In the Pacific area, the Corporation has examined, with its Commonwealth and foreign correspondents, the need for increased capacity to meet telephone and other traffic requirements, together with the use of cable circuits in the new USA mainland to Okinawa system which is currently being installed by the USA, Japan and Australia on a route via Hawaii and Guam.

This additional cable routing will provide much needed growth and diversity from present satellite and other cable routings and the Corporation is acquiring indefeasible right of user circuits in that system. For part of this routing, the capacity will be increased by the use of larger TASI (Time Assignment Speech Interpolation) equipment to be installed in Vancouver and Sydney (Australia) in cooperation with Australia and the USA.

Olympics

The Corporation has been working closely with several organizations to provide facilities for international radio, television and press coverage of the 1976 Summer Olympic Games

Han estudiado juntos también el uso de circuitos de cable en el nuevo sistema que comunica la costa oeste de los EE. UU. con Okinawa, pasando por Hawai y Guam. Los EE. UU., el Japón y Australia están instalando dicho sistema.

Estas rutas adicionales por cable permitirán una amplia diversificación en los sistemas actuales de cables y satélites y aumentarán su capacidad. La SCTT está negociando la compra de circuitos en este sistema de cables, bajo la forma de un derecho imprescriptible del utilizador. Un equipo TASI (interpolación de señales vocales por asignación en función del tiempo) más perfeccionado será instalado en Vancouver y en Sydney (Australia), en colaboración con Australia y los EE. UU., y servirá para aumentar la capacidad del sistema en una parte de esta ruta.

Juegos Olímpicos

Nuestra Sociedad, en colaboración con varios organismos, pondrá al alcance de la prensa, la radio y la televisión internacionales las instalaciones necesarias para la transmisión de los Juegos Olímpicos que se celebrarán en Montréal del 17 de



à transmettre les Jeux Olympiques qui auront lieu à Montréal du 17 juillet au 1^{er} août 1976. La Société se réjouit d'avoir ainsi l'occasion de collaborer étroitement à la diffusion mondiale des Jeux avec le Comité organisateur des Jeux Olympiques de 1976 (COJO), l'Organisme de la radio-télévision des Olympiques (ORTO), Télésat Canada, le Réseau Téléphonique Transcanadien (RTT), les Télécommunications CN-CP et la Société Radio-Canada.

Le trafic de télécommunications occasionné par les Jeux atteindra le volume du trafic de pointe prévu pour 1977 si la croissance actuelle se poursuit. La SCTT a donc jugé nécessaire d'avancer de deux ans l'expansion de ses installations téléphoniques publiques afin d'assurer des télécommunications à environ 14,000 participants et représentants de plus de cent pays, à 4,000 journalistes et commentateurs ainsi qu'aux milliers de visiteurs et de spectateurs qui se réuniront à Montréal à l'occasion de la XXI^e Olympiade.

La demande la plus considérable de transmission télévisuelle outre-mer proviendra probablement de deux organismes européens: l'Union européenne de radiodiffusion (UER) et l'Organisation internationale de Radio et de Télévision (OIRT). Une station terrestre mobile de la SCTT, placée sur le Mont-Royal, à Montréal, permettra l'accès au satellite d'INTELSAT posté au-dessus de l'Atlantique. Une voie télévisuelle sera fournie, le cas échéant, par l'entremise de la station terrestre de la Société située à Mill-Village.

Les principaux usagers dans la région du Pacifique seront le Japon et l'Australie. Ils disposeront d'une voie télévisuelle par l'entremise de la station terrestre de Lake-Cowichan et du satellite d'INTELSAT posté au-dessus du Pacifique.

Quant aux organismes de radiodiffusion outre-mer, environ cent circuits simultanés assureront la transmission à l'échelle mondiale, à partir du centre de radiodiffusion des Olympiques. La SCTT a également prévu l'installation d'un service de transmission de facsimiles au grand stade des Olympiques et au Forum de Montréal.

being held in Montréal from July 17 to August 1, 1976. The Corporation welcomes the opportunity to interface with The Organizing Committee for the 1976 Olympic Games (COJO), the Olympics Radio and Television Organization (ORTO), Telesat Canada, the Trans-Canada Telephone System, CN/CP Telecommunications and the Canadian Broadcasting Corporation to make worldwide coverage possible.

It is anticipated that the telecommunications traffic to be generated during the Games will be equivalent to the peak traffic forecast for two years hence following normal growth patterns. It has, therefore, been necessary to accelerate the expansion of our public telephone facilities by two years to meet the telecommunications needs of the estimated over 100 countries, the 4,000 jour-14,000 participants and officials from nationalists and broadcasters, plus the tens of thousands of visitors and spectators who will gather in Montréal for the XXIInd Olympiad.

The greatest demand for overseas television transmission is expected to originate in Europe with the European Broadcasting Union (EBU) and the Organisation internationale de Radio et Télévision (OIRT). This demand should be adequately met by a COTC portable earth station to be located on Mount Royal in Montréal, for the purpose of accessing the INTELSAT Atlantic satellite. A further television channel could be provided, if needed, via our Mill Village earth station.

In the Pacific area, the prime users will be Japan and Australia. One television channel, provided via our Lake Cowichan earth station and the INTELSAT Pacific satellite, is expected to meet the requirements.

For overseas radio broadcasting organizations, up to 100 simultaneous circuits will be required from the Olympics broadcast centre to points throughout the world. COTC will also provide photo facsimile facilities directly from the main Olympic Stadium and the Montréal Forum.

julio al 1^o de agosto de 1976. La SCTT se alegra de poder cooperar estrechamente en la difusión mundial de los Juegos con el Comité Organizador de los Juegos Olímpicos de 1976 (COJO), el Organismo de Radio y Televisión de las Olimpiadas (ORTO), TELESAT-CANADA, la Red Telefónica Transcanadiense (RTT), las Telecomunicaciones CN-CP y la Sociedad Radio Canadá.

Se calcula que el tráfico de telecomunicaciones a que darán lugar los Juegos Olímpicos será igual al tráfico máximo previsto para dos años más tarde, según el ritmo normal de crecimiento. Por lo mismo, tuvimos que acelerar de dos años la expansión de nuestras instalaciones telefónicas públicas para satisfacer las necesidades de los 14 000 participantes y delegados oficiales provenientes de cien países, de los 4 000 periodistas y comentaristas y de las decenas de miles de visitantes y espectadores que se calcula acudirán a Montréal para las XXI Olimpiadas.

Se supone que la mayor demanda para transmisión de televisión hacia el extranjero vendrá de Europa, representada por la Unión Europea de Radiodifusión (EUR) y la Organización Internacional de Radio y Televisión (OIRT). Una estación terrestre móvil de la SCTT, situada en el Mont-Royal en Montréal, servirá para alcanzar el satélite de INTELSAT de la región del Atlántico. En caso de necesidad, se podrá utilizar otro canal de televisión que pasaría por nuestra estación de Mill Village.

El Japón y Australia serán los mayores clientes del lado del Pacífico. Se espera que un canal de televisión que pasará por nuestra estación terrestre de Lake Cowichan y por el satélite INTELSAT del Pacífico, bastará para satisfacer esta demanda.

Se necesitarán hasta cien circuitos simultáneos, para las entidades extranjeras de radiodifusión, a partir del centro de difusión de los Juegos Olímpicos hacia los diversos puntos alrededor del mundo. La SCTT ofrecerá servicios de transmisión de facsimiles directamente desde el estadio olímpico principal y desde el "Forum" de Montréal.

25^e anniversaire de la SCTT

La Société célèbre en 1975 son 25^e anniversaire et a choisi pour son programme de célébrations de s'inspirer de trois événements importants de son histoire.

Le 1^{er} janvier 1950, la Loi sur la Société canadienne des Télécommunications transmarines entrainait en vigueur et la Société commençait son activité le 1^{er} avril 1950. Vingt-cinq ans plus tard, le 1^{er} avril 1975, la Société était l'hôte de la troisième session de la Réunion des Signataires d'INTELSAT. Elle lançait ainsi son programme de célébrations, en rappelant le caractère international de son mandat de même que la coopération d'autres pays qui lui a permis de connaître un essor prodigieux durant ce premier quart de siècle d'existence.

ITEM 1, sculpture en polyester de M. Clément Picard, de St-Philippe, Québec, lauréat du concours SCTT-INTELSAT organisé par la Société afin de choisir une œuvre d'art destinée à décorer le nouveau siège social d'INTELSAT à Washington, D.C.

ITEM 1, a polyester sculpture by Clément Picard of St-Philippe, Québec, winner of the COTC-INTELSAT art competition which was organized by COTC to select a work of art to donate to INTELSAT at its new headquarters in Washington, D.C.

ITEM 1, una escultura hecha en poliéster por Clément Picard de Saint-Philippe (Québec), ganador del concurso artístico SCTT-INTELSAT, organizado por nuestra Sociedad para escoger una obra de arte destinada a la nueva Sede de INTELSAT en Washington (D.C.).



The Corporation's 25th Anniversary

Celebrations of COTC's 25th Anniversary are being centered around three significant dates in the Corporation's history.

It was on January 1, 1950, that the Canadian Overseas Telecommunications Corporation Act came into force, and the Corporation began operations on April 1, 1950. On the latter date this year, the Corporation hosted the Third Annual Meeting of INTELSAT Signatories, thus launching its program of celebrations of its 25th Anniversary in a context befitting the international nature of its operations and highlighting the cooperation received from the other countries of the world, without which the progress achieved by the Corporation in its first quarter-century of existence would not have been possible.

In October 1974, the Corporation launched a competition among Canadian artists for the purpose of selecting a work of art to decorate, together with contributions from the other member countries, the new INTELSAT headquarters in

25^o aniversario de la SCTT

Las celebraciones del 25^o aniversario de la SCTT se están concentrando alrededor de tres fechas importantes de la historia de nuestra Sociedad.

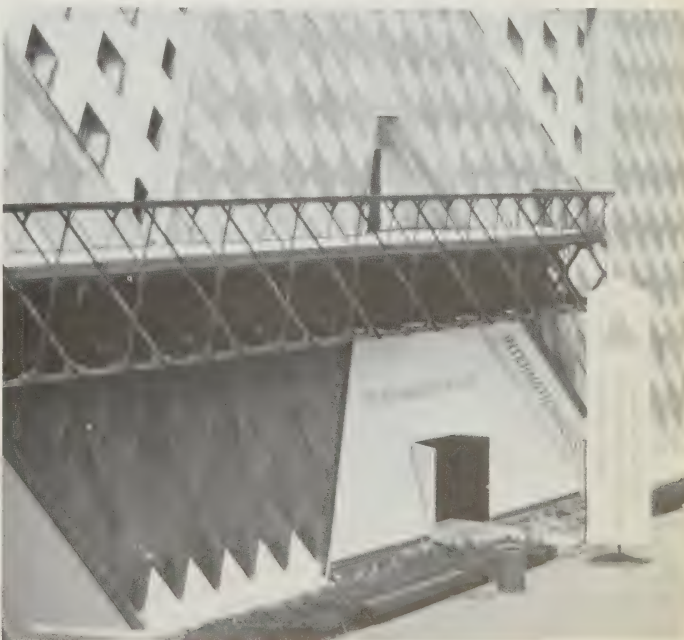
El día 1^o de enero de 1950 entró en vigor la ley que creó la Sociedad Canadiense de Telecomunicaciones Transmarinas, que empezó a funcionar el 1^o de abril del mismo año. Veinticinco años más tarde, el 1^o de abril de 1975, nuestra Sociedad acogió la tercera Reunión de Signatarios de INTELSAT. Inauguraba así sus celebraciones, subrayando el carácter internacional de su mandato, así como la cooperación de otros países que le permitió alcanzar el auge que conoció durante su primer cuarto de siglo de existencia.

En octubre de 1974, la SCTT organizó un concurso entre los artistas cana-

Le Pavillon des Télécommunications internationales à Terre des Hommes, Montréal, un des événements inscrits au programme des célébrations du 25^e anniversaire de la Société.

One of the highlights of the Corporation's 25th Anniversary celebrations is the International Telecommunications Pavilion at Man and His World in Montréal.

Uno de los eventos sobresalientes de las celebraciones del 25^o aniversario de nuestra Sociedad lo constituye el Pabellón de Telecomunicaciones Internacionales en "Terre des Hommes" en Montréal.



En octobre 1974, la Société mettait sur pied un concours s'adressant à tous les artistes canadiens afin de choisir une œuvre d'art pour décorer, avec celles d'autres pays membres, le nouveau Siège social d'INTELSAT, à Washington, D.C. La Société offrit l'œuvre gagnante, une sculpture, à l'occasion de la Réunion des Signataires tenue à Montréal. Dans le cadre de ses célébrations, la Société annonçait également le 1^{er} janvier 1975, le lancement de deux bourses d'études annuelles, l'une pour les enfants de ses employés, l'autre destinée aux étudiants faisant une maîtrise ou entreprenant des recherches en télécommunications internationales.

En outre, la Société a prévu une série d'activités: une journée d'accueil dans chaque station afin de permettre au public de visiter ses installations; une présentation audio-visuelle illustrant son évolution durant ce quart de siècle; deux numéros spéciaux de la revue de l'entreprise, l'un portant sur l'histoire de la Société et l'autre sur ses perspectives d'avenir. Elle présente également une exposition au Pavillon des Télécommunications internationales à Terre des Hommes, à Montréal, en collaboration avec le ministère fédéral des Communications, les Archives publiques du Canada et le ministère des Communications du Québec.

Finalement, des réceptions furent données le 7 juin à Montréal, à Toronto, à Vancouver, à Halifax et à Hawaï, à l'intention des employés permanents et retraités dont la contribution inestimable a permis à la Société de se maintenir à l'avant-garde des télécommunications internationales. Rappelons qu'à la même date, vingt-cinq ans plus tôt, la Société acquérait les installations canadiennes de télécommunications outre-mer de la *Cable and Wireless Limited* et de la *Canadian Marconi Company*, les deux compagnies qui l'avaient précédée.

Washington, D.C. On the occasion of the Meeting of Signatories held in Montréal, the Corporation presented INTELSAT with a sculpture which was the first prize winner of the COTC-INTELSAT art competition. In order to give further extension to the commemoration of its 25th Anniversary, the Corporation announced, on January 1, 1975, two annual scholarships, one for the children of employees and one open to the general public for post-graduate studies or research in fields related to international telecommunications. Furthermore, throughout the year, each of the Corporation's stations will hold "open house" receptions to give the local public an opportunity to gain firsthand knowledge of our operations; an audiovisual presentation illustrating the history of COTC has been prepared and there will be two special issues of our in-house magazine, one on the history of COTC and the other on its future. COTC is sponsoring an International Telecommunications Pavilion at Man and His World in Montréal with the cooperation of the federal Department of Communications, the Public Archives of Canada and the Québec Department of Communications.

In addition, in order to acknowledge the most significant role played by the employees, past and present, in the progress of the Corporation, all staff and pensioners were invited to commemorate this event at receptions held on June 7 in Montréal, Toronto, Vancouver, Halifax and Hawaii. It was on June 7, 1950, that COTC expropriated the overseas telecommunications facilities in Canada of the predecessor companies, Cable and Wireless Ltd. and Canadian Marconi Company.

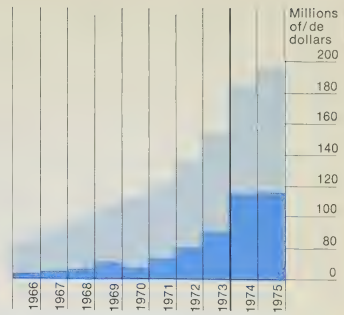
dienses con el fin de escoger una obra de arte destinada, como las de otros países miembros, a la nueva Sede de INTELSAT en Washington (D.C.). Nuestra Sociedad ofreció la obra ganadora —una escultura— durante la Reunión de Signatarios que tuvo lugar en Montreal. En el marco de las mismas celebraciones, la Sociedad anunció el 1º de enero de 1975 la creación de dos becas anuales, una para los hijos de nuestros empleados y la otra para estudiantes de maestría o para investigadores en el campo de las telecomunicaciones internacionales.

Además, la SCTT ha previsto una serie de actividades: un día de visita en cada estación para permitir al público conocer nuestras instalaciones; una presentación audiovisual ilustrando la evolución de la SCTT durante estos cinco lustros; la publicación de dos números especiales de la revista interna, uno sobre la historia de la Sociedad y el otro sobre su porvenir. Estamos presentando también una exposición en el Pabellón de las Telecomunicaciones Internacionales en "Terre des Hommes" la exposición anual de Montréal, en colaboración con el Ministerio federal de Comunicaciones, los Archivos Públicos del Canadá y el Ministerio de Comunicaciones del Québec.

Por último, se celebraron recepciones el 7 de junio de 1975 en Montréal, Toronto, Vancouver, Halifax y Hawaï para los empleados actuales y los jubilados, cuya contribución inestimable permitió a la SCTT mantenerse en la vanguardia de las telecomunicaciones internacionales. Recordemos que el 7 de junio de 1950 la SCTT adquirió las instalaciones canadienses de telecomunicaciones transmarinas de la Cable and Wireless Limited y de la Canadian Marconi Company, sus dos predecesoras.

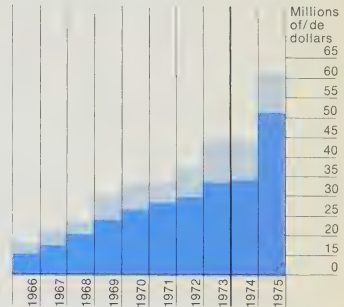
Fixed assets
Immobilisations

Depreciated fixed assets
Immobilisations amorties



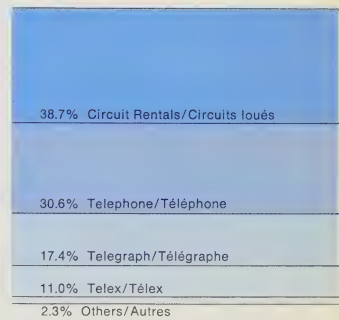
Revenue
Revenus

Expenses
Dépenses



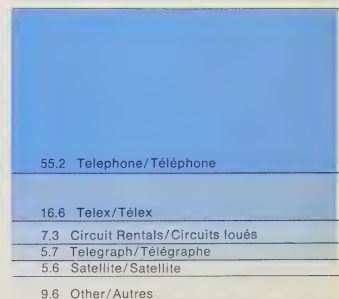
1966 Allocation of revenue
according to source

1966 Répartition des revenus
selon la provenance



1975 Allocation of revenue
according to source

1975 Répartition des revenus
selon la provenance



Balance Sheet as at March 31, 1975

	Assets	1975	1974
Current:	Cash	\$ 150,627	\$ 127,237
	Short-term deposits	20,800,000	11,237,000
	Accounts receivable	22,688,767	15,701,000
	Prepaid expenses	1,346,430	205,000
		44,985,824	27,271,000
Capital Assets, at cost: (Note 3)	Land and buildings	16,560,930	15,945,000
	Cable systems and technical equipment	163,071,828	154,616,000
	International satellite system — space segment	16,707,693	15,253,000
	Preliminary project development costs	500,016	—
		196,840,467	185,815,000
Less:	Accumulated depreciation	80,393,675	70,597,000
		116,446,792	115,218,000
		\$161,432,616	\$142,489,000

The accompanying notes are an integral part of the financial statements.

Certified Correct: *Delorme*
President and General Manager J.-C. Delorme

Approved: *P Ann Tomlinson*
Director P. Ann Tomlinson
Joseph H Cohen
Director Joseph H. Cohen

La Société canadienne
des Télécommunications
transmarines
(Constituée en vertu de la Loi
sur la Société canadienne
des Télécommunications
transmarines)

Bilan au 31 mars 1975

	Actif	1975	1974
Actif à court terme:	Encaisse	\$ 150,627	\$ 127,237
	Dépôts à court terme	20,800,000	11,237,000
	Comptes à recevoir	22,688,767	15,701,000
	Frais payés d'avance	1,346,430	205,000
		44,985,824	27,271,000
Immobilisations, au prix coûtant: (Note 3)	Terrains et bâtiments	16,560,930	15,945,000
	Systèmes de câbles et équipement technique	163,071,828	154,616,000
	Système international à satellites — secteur spatial	16,707,693	15,253,000
	Déboursés pour la préparation des projets	500,016	—
		196,840,467	185,815,000
Moins:	Amortissement accumulé	80,393,675	70,597,000
		116,446,792	115,218,000
		\$161,432,616	\$142,489,000

Les notes ci-jointes font partie intégrante des états financiers.

Certifié exact: *Delorme*
Le Président et Directeur général, J.-C. Delorme

Approuvé: *P Ann Tomlinson*
Administrateur, P. Ann Tomlinson
Joseph H Cohen
Administrateur,
Joseph H. Cohen

	Liabilities	1975	1974
Current:	Accounts payable	\$ 29,463,847	\$ 22,700,335
	Estimated amounts due to Commonwealth Network (Note 2c)	10,239,735	5,050,882
	Advances from Canada repayable within one year	2,798,484	8,665,331
	Income taxes payable	1,700,220	(1,779,407)
		44,202,286	34,637,141
	Deferred income tax	10,732,832	9,353,532
Equity of Canada:	Advances under Section 12 of the Act (Note 4)	32,388,810	41,054,141
	Less: Amount repayable within one year	2,798,484	8,665,331
		29,590,326	32,388,810
Retained earnings:	Appropriation for cable maintenance	500,000	—
	Unappropriated, per Statement of Retained Earnings	76,407,172	66,110,107
		76,907,172	66,110,107
		106,497,498	98,498,917
		\$161,432,616	\$142,489,590

I have examined the above Balance Sheet and the related Statements of Retained Earnings, Income and Expense and changes in financial position and have reported thereon under date of June 30, 1975 to the Minister of Communications.

Auditor General of Canada

J. J. Macdonell

	Passif	1975	1974
Passif à court terme:	Comptes à payer	\$ 29,463,847	\$ 22,700,335
	Montant estimatif dû au réseau du Commonwealth (Note 2c)	10,239,735	5,050,882
	Avances du Canada remboursables en deçà d'un an	2,798,484	8,665,331
	Impôts sur le revenu à payer	1,700,220	(1,779,407)
		44,202,286	34,637,141
	Impôts sur le revenu reportés	10,732,832	9,353,532
Capital du Canada:	Avances en vertu de l'article 12 de la Loi (Note 4)	32,388,810	41,054,141
	Moins: tranche montrée au passif à court terme	2,798,484	8,665,331
		29,590,326	32,388,810
Bénéfices non répartis:	Affectés à l'entretien des câbles	500,000	—
	Non affectés, selon l'état des bénéfices non répartis	76,407,172	66,110,107
		76,907,172	66,110,107
		106,497,498	98,498,917
		\$161,432,616	\$142,489,590

J'ai examiné le bilan ci-dessus, l'état des bénéfices non répartis, l'état des revenus et dépenses ainsi que l'état de l'évolution de la situation financière s'y rapportant et j'en ai fait rapport le 30 juin 1975 au Ministre des Communications.

L'Auditeur général du Canada,

J. J. Macdonell

Statement of Retained Earnings for the year ended March 31, 1975

	1975	
Balance at beginning of year		
As previously reported	\$66,923,467	\$56,765
Adjustment: Commonwealth Network recovery (Note 2b)	(813,360)	—
As restated	66,110,107	56,765
Net income for year, per Statement of Income and Expense	10,797,065	9,344
	76,907,172	66,110
Less: appropriation to cable maintenance reserve	500,000	—
Balance at end of year	\$76,407,172	\$66,110

The accompanying notes are an integral part of the financial statements.

La Société canadienne
des Télécommunications
transmarines

État des bénéfices non répartis pour l'année terminée le 31 mars 1975

	1975	
Solde au début de l'année:		
Tel que déjà établi	\$66,923,467	\$56,765
Redressement: à recouvrer du réseau du Commonwealth (Note 2b)	(813,360)	—
Solde redressé	66,110,107	56,765
Bénéfice net de l'année selon l'état des revenus et dépenses	10,797,065	9,344
	76,907,172	66,110
Moins: affectation à la réserve pour l'entretien des câbles	500,000	—
Solde à la fin de l'année	\$76,407,172	\$66,110

Les notes ci-jointes font partie intégrante des états financiers.

Statement of Income and Expense for the year ended March 31, 1975

	1975	1974
ome:	Telegraph, telephone, telex, circuit rentals, satellite and estimated share of Commonwealth Network revenue	
	\$61,085,944	\$47,068,864
ense:	Operating salaries and wages	6,906,373
	Administrative salaries	4,022,504
	Employees' Benefits	1,086,281
	Depreciation	8,934,832
	Rental of circuits	6,156,727
	Maintenance and repairs — plant and equipment	4,610,114
	Estimated cost of share of Commonwealth Network revenue	2,333,450
	Non-recoverable portion of ship operating costs (Note 5)	—
	Interest	2,057,976
	Other operating and administrative expenses	3,719,725
	51,707,635	39,827,982
duct:	Estimated amount recoverable from Commonwealth Network (Note 2b)	7,764,350
	Portion of expense capitalized	3,228,003
	12,583,456	10,992,353
	39,124,179	28,835,629
	Net income before tax	18,233,235
ome tax:	Current	5,855,480
	Deferred	3,033,225
	11,164,700	8,888,705
	\$10,797,065	\$ 9,344,530

The accompanying notes are an integral part of the financial statements.

Société canadienne
Télécommunications
marines

État des revenus et dépenses pour l'année terminée le 31 mars 1975

	1975	1974
enus:	Télégraphe, téléphone, télex, location de circuits, satellite et tranche du montant estimatif des revenus du réseau du Commonwealth	
	\$61,085,944	\$47,068,864
enses:	Traitements et salaires — Exploitation	6,906,373
	Traitements — Administration	4,022,504
	Prestations aux employés	1,086,281
	Amortissement	8,934,832
	Location de circuits	6,156,727
	Entretien et réparation — Installations et équipement	4,610,114
	Tranche du montant estimatif des coûts du réseau du Commonwealth	2,333,450
	Montant non recouvrable des coûts d'exploitation du navire (Note 5)	—
	Intérêts	2,057,976
	Autres frais d'exploitation et d'administration	3,719,725
	51,707,635	39,827,982
ns:	Montant estimatif recouvrable du réseau du Commonwealth (Note 2b)	7,764,350
	Partie capitalisée des dépenses	3,228,003
	12,583,456	10,992,353
	39,124,179	28,835,629
	Bénéfice net avant impôts	18,233,235
ôt sur le revenu:	Année courante	5,855,480
	Reporté	3,033,225
	11,164,700	8,888,705
	\$10,797,065	\$ 9,344,530

Les notes ci-jointes font partie intégrante des états financiers.

Statement of Changes in Financial Position for the year ended March 31, 1975

	1975	1974
Source of funds:		
Net income for the year	\$10,797,065	\$ 9,344,484
Expenses not requiring cash outlay:		
Depreciation and amortization	10,598,558	8,934,484
Increase in deferred income tax	1,379,300	3,033,000
Funds from operations	22,774,923	21,312,000
Sale of capital assets	5,238,356	4,954,484
Advances from Canada	—	6,000,000
	28,013,279	32,267,000
Application of funds:		
Purchase of capital assets	17,065,206	37,333,000
Current portion of advances from Canada	2,798,484	8,665,000
	19,863,690	45,998,000
Increase (decrease) in working capital	8,149,589	(13,731,000)
Working capital (deficiency) at beginning of year	(7,366,051)	6,365,000
Working capital (deficiency) at end of year	\$ 783,538	\$ (7,366,000)

The accompanying notes are an integral part of the financial statements.

État de l'évolution de la situation financière pour l'année terminée le 31 mars 1975

	1975	1974
Provenance des fonds:		
Bénéfice net de l'année	\$10,797,065	\$ 9,344,484
Dépenses ne requérant aucune sortie de fonds:		
Amortissement	10,598,558	8,934,484
Augmentation de l'impôt sur le revenu reporté	1,379,300	3,033,000
Fonds provenant de l'exploitation	22,774,923	21,312,000
Vente d'immobilisations	5,238,356	4,954,484
Avances du Canada	—	6,000,000
	28,013,279	32,267,000
Utilisation des fonds:		
Achat d'immobilisations	17,065,206	37,333,000
Versements sur avances du Canada, tranche à court terme	2,798,484	8,665,000
	19,863,690	45,998,000
Augmentation (diminution) du fonds de roulement	8,149,589	(13,731,000)
Fonds de roulement (déficitaire) au début de l'année	(7,366,051)	6,365,000
Fonds de roulement (déficitaire) à la fin de l'année	\$ 783,538	\$ (7,366,000)

Les notes ci-jointes font partie intégrante des états financiers.

Notes to Financial Statements for the year ended March 31, 1975

1. Accounting Policy

a) Capital assets and depreciation —

Capital assets are stated at acquisition cost and to a large extent represent the Corporation's investment in transoceanic cable and satellite systems, including ancillary equipment, that are owned either jointly with other partners or outright by the Corporation. Depreciation is provided on a straight line basis over the estimated useful life of the assets.

b) Foreign currencies —

Accounts receivable and accounts payable in foreign currencies have been translated to Canadian funds at exchange rates prevailing at the end of the month of billing. There are no material variations between the amounts reflected in the books of account and that determined on the basis of the exchange rates prevailing at March 31.

c) Revenue —

The Corporation reflects in its Financial Statements its share of the income earned from facilities either owned jointly with other partners or outright by the Corporation.

d) Capitalization of expenses —

Salaries and related employee benefits are capitalized in proportion to the time spent on capital projects by members of the engineering and operations staffs.

Interest on projects in progress involving a construction period in excess of 12 months is capitalized at rates existing at the close of each quarter on the total amount expended to the end of the quarter.

e) Income tax —

Since the Corporation is a Canadian Crown Corporation, it is not subject to the payment of provincial income tax. In calculating its liability for federal income tax it claims the maximum capital cost allowance permitted under the Income Tax Act although it records depreciation on a straight line basis in its accounts, based on the expected useful life of its capital assets. As a result the deferred income tax account is credited with the income tax which would otherwise be payable on the excess of capital cost allowance over depreciation and is charged when the reverse situation pertains.

Notes aux états financiers pour l'année terminée le 31 mars 1975

1. Conventions comptables

(a) Immobilisations et amortissement

Les immobilisations figurent à leur valeur d'achat et représentent, dans une large mesure, les investissements dans les systèmes de câbles sous-marins et à satellites, y compris l'équipement auxiliaire, dont la Société est propriétaire ou copropriétaire. On a calculé l'amortissement selon la méthode linéaire basée sur la vie utile prévue des immobilisations.

(b) Devises étrangères

Les comptes à recevoir et les comptes à payer exprimés en devises étrangères ont été convertis en dollars canadiens aux cours en vigueur à la fin du mois de la facturation. On ne retrouve pas d'écarts notables entre les sommes portées aux registres comptables et celles basées sur les taux de change en vigueur au 31 mars.

(c) Revenus

La Société démontre dans ses états financiers la part de ses revenus provenant d'installations dont elle est propriétaire ou copropriétaire.

(d) Capitalisation des dépenses

Les traitements des employés et les prestations

s'y rapportant sont capitalisés en fonction du temps consacré par les membres du personnel de l'Ingénierie et des Opérations aux projets d'immobilisations.

L'intérêt sur les projets en cours qui ne seront pas achevés en deçà de douze mois est capitalisé au taux en vigueur à la fin de chaque trimestre, sur la somme totale dépensée à la fin du trimestre.

(e) Impôt sur le revenu

La Société, à titre de société canadienne de la Couronne, n'est pas assujettie à l'impôt sur le revenu provincial. Dans le calcul de l'impôt sur le revenu fédéral, elle réclame l'allocation maximum du coût en capital permise en vertu de la Loi de l'impôt sur le revenu, bien qu'elle calcule son amortissement selon la méthode linéaire basée sur la vie utile prévue de ses immobilisations. On crédite donc au compte d'impôts sur le revenu reportés, les impôts que l'on aurait payés pour l'excédent de l'allocation du coût en capital sur l'amortissement comptable; dans la situation inverse, on débite le compte.

2. Shared Facilities — Commonwealth Network and Others

a) Under the financial arrangements relating to partnership facilities adopted by the Commonwealth Telecommunications Organisation:

- (i) income arising from traffic between partners generally is shared equally between them;
- (ii) income arising from traffic transiting a partner is shared by the partners in proportion to the total volume of traffic put on the system by them;
- (iii) expense of the partners is shared in proportion to the volume of traffic put on the system by them.

b) The expenses recoverable from the Commonwealth Network of \$10,230,622 reflected in the statement of income and expense is management's best estimate of the anticipated recovery for the year. The actual recovery for a year is only determined after all partners have submitted audited financial statements, setting forth their actual figures in accordance with the terms of the covering agreement. Further information was received during the year to the effect that certain of the bases used in estimating the recovery

for the year ended March 31, 1974 were no longer valid. Accordingly a charge of \$813,360 was made to retained earnings, which amount reflects both the reduction in the estimated recovery and the resultant decrease in income taxes for that year.

c) The estimated amounts due to the Commonwealth Telecommunications Network comprised

- (i) \$4,238,465 with respect to the amount by which instalments received for the years to be finalized and which ended prior to April 1, 1973 exceeded the estimated amount recoverable recorded in the books of account. This amount relates to the arrangements that existed prior to April 1, 1973 which were known as Wayleave I and Wayleave II. All years have been finalized to March 31, 1968 for Wayleave I and up to March 31, 1965 for Wayleave II. Since the Corporation is not certain when the years subsequent to these dates will be finalized and since the final results cannot be predicted in advance it has continued to follow the adopted practice of effecting adjustment

2. Exploitation commune des installations — Réseau du Commonwealth et autres

(a) En vertu des dispositions financières ayant trait aux installations exploitées en commun et ratifiées par l'Organisation des Télécommunications du Commonwealth:

- (i) les revenus provenant du trafic entre pays associés sont généralement partagés entre eux à parts égales;
- (ii) les revenus provenant du trafic acheminé par l'entremise de pays associés sont répartis entre eux selon le volume total de trafic acheminé par les installations exploitées en commun;
- (iii) les dépenses des pays associés sont partagées proportionnellement à leur volume de trafic respectif.

(b) Les dépenses recouvrables du réseau du Commonwealth inscrites à l'état des revenus et dépenses, soit \$10,230,622, constituent le montant estimatif le plus juste que la Société a pu établir. Le recouvrement définitif pour une année est déterminé à partir des états financiers vérifiés des pays associés, lesquels montrent les données définitives selon les clauses de l'accord financier. Des renseignements fournis ultérieurement indiquent que certaines données

qui avaient servi à compiler le recouvrement pour l'année terminée le 31 mars 1974 étaient inexactes. Par conséquent, la somme de \$813,360 représentant la réduction du recouvrement prévu et la diminution de l'impôt sur le revenu y afférant, fut inscrite aux bénéfices non répartis de l'année 1973-1974.

(c) Les montants estimatifs dus au réseau de télécommunications du Commonwealth se composent:

- (i) d'une somme de \$4,238,465 représentant les recouvrements excédant le montant estimé inscrit aux registres comptables pour les années antérieures au 1^{er} avril 1973 et qui n'ont pas fait l'objet d'un règlement définitif. Cette somme a été déterminée en fonction des dispositions qui existaient avant le 1^{er} avril 1973 et qui étaient connues sous le nom de Wayleave I et Wayleave II. Toutes les années ont été réglées au 31 mars 1968 pour le Wayleave I et au 31 mars 1965 pour le Wayleave II. Comme la Société ne sait pas quand les années ultérieures seront réglées, ni ce que seront les résultats définitifs, elle a suivi la pratique établie qui consiste à ne faire des redressements q

only at the time that final figures are determined; and

- (ii) \$6,001,270 with respect to the amount by which the instalments received for the two years ended March 31, 1975 exceeded management's best estimate of the amount recoverable for these years under the new arrangements. However there is no precise information available as to the actual amount recoverable for either of these years.

d) The Corporation has also entered into an agreement with other partners in the International Satellite System for the use of facilities and the sharing of net revenues in relation to the amount of capital contributed.

3. Cost of Completing Capital Projects

As at March 31, 1975, the estimated cost of completing capital projects, as approved by the Governor in Council, amounted to approximately \$85,000,000 of which \$34,000,000 relates to the year 1975/76.

4. Advances from Canada

The advances from Canada, under Section 12 of the Act, bear interest at rates varying between 3½ % to 6¼ % and are repayable in semi-

moment des règlements finals; et

- (ii) d'une somme de \$6,001,270 représentant les recouvrements excédant le montant estimatif le plus juste qu'il a été possible à la Société d'établir pour les années 1973-1974 et 1974-1975, en vertu des nouvelles dispositions. Cependant, il n'existe pas de données précises concernant le montant précis recouvrable pour l'une et l'autre année.

(d) La Société a également conclu un accord avec d'autres associés du système international à satellites pour l'utilisation des installations et le partage des revenus nets en proportion de la mise de fonds.

3. Coût d'achèvement des projets d'immobilisations

Au 31 mars 1975, le coût estimatif d'achèvement des projets d'immobilisations, tel qu'approuvé par le Gouverneur en Conseil, s'élevait à environ \$85,000,000 dont \$34,000,000 pour l'année 1975-1976.

4. Avances du Canada

Les avances reçues du Canada, en vertu de l'article 12 de la Loi, portent intérêt à des taux variant de 3½ % à 6¼ % et sont remboursables par versements semestriels dont l'échéance

annual instalments over varying periods extending to 1998, in accordance with the terms and conditions laid down by the Governor in Council.

5. Cost of Fire Damage Repairs and Expenses

The estimated cost of \$3,500,000 of repairing the fire damage that occurred on board the Canadian Coast Guard Ship John Cabot on September 10, 1974 is covered by fire insurance. The fire occurred during the period that the vessel was under lease from the Ministry of Transport for the purpose of effecting cable repairs and, in accordance with the covering agreement, the Corporation is responsible for the ongoing expenses during the period that it is not operational. Such expenses amounted to \$2,019,075 for the year and are reflected in the statement of income and expense. It is anticipated that the repairs will be completed prior to March 31, 1976.

6. Executive Remuneration

Included in expense for 1975 is remuneration of 6 directors, as directors, \$2,800 (1974 — \$3,200) and of 11 officers, as officers, \$418,344 (1974 — \$337,478). One officer is also a director.

s'échelonne jusqu'en 1998, conformément aux clauses et dispositions établies par le Gouverneur en Conseil.

5. Coûts et frais occasionnés par un incendie

On estime à \$3,500,000 les coûts et frais occasionnés par un sinistre survenu au navire *John Cabot* de la Garde côtière canadienne le 10 septembre 1974, sinistre couvert par une assurance contre l'incendie. L'incendie est survenu pendant que le navire était affrété du ministère des Transports afin de réparer des câbles et, conformément à l'entente convenue, la Société est responsable des dépenses courantes durant la période d'inactivité du navire. Cet incident a entraîné, durant l'année, une dépense de \$2,019,075 qui est inscrite à l'état des revenus et dépenses. On prévoit que les réparations seront terminées avant le 31 mars 1976.

6. Rémunération de l'Exécutif

Les frais d'exploitation pour l'année terminée le 31 mars 1975 comprennent la rémunération de six administrateurs, comme administrateurs, soit \$2,800 (\$3,200 en 1974) et de onze fonctionnaires, comme fonctionnaires, soit \$418,344 (\$337,478 en 1974). L'un des fonctionnaires est également administrateur.

Auditor General's Report

Ottawa, June 30, 1975.

The Honourable Gérard Pelletier, P.C., M.P.,
Minister of Communications,
Ottawa, Ontario.
K1A 0C8

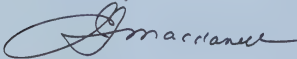
Dear Mr. Pelletier,

I have examined the balance sheet of Canadian Overseas Telecommunication Corporation as at March 31, 1975 and the statements of income and expense, retained earnings and changes in financial position for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Corporation as at March 31, 1975 and the results of its operations and changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

Yours sincerely,



J. J. Macdonell
Auditor General of Canada.

Rapport de l'Auditeur général

Ottawa, le 30 juin 1975.

L'honorable Gérard Pelletier, C.P., député
Ministre des Communications
Ottawa (Ontario)
K1A 0C8

Monsieur le Ministre,

J'ai examiné le bilan de la Société canadienne des Télécommunications transmarines au 31 mars 1975, ainsi que l'état des revenus et dépenses, l'état des bénéfices non répartis et l'état de l'évolution de la situation financière pour l'année terminée à cette date. Mon examen a comporté une revue générale des méthodes de comptabilité et les sondages de registres comptables et de pièces justificatives que j'ai jugés nécessaires dans les circonstances.

À mon avis, ces états financiers présentent un aperçu juste et fidèle de la situation financière de la Société au 31 mars 1975, ainsi que les résultats de son exploitation et l'évolution de sa situation financière pour l'année terminée à cette date, conformément aux principes comptables généralement reconnus, et appliqués de la même manière qu'au cours de l'année précédente.

De plus, je déclare que la Société, à mon avis, a tenu des livres de comptabilité appropriés, que les états financiers sont conformes à ces derniers et que les opérations dont j'ai eu connaissance ont été effectuées dans le cadre de ses pouvoirs statutaires.

Je vous prie d'agréer, Monsieur le Ministre, l'assurance de ma très haute considération.

L'Auditeur général du Canada,
J. J. Macdonell



SCTT: un quart de siècle au service du public

Société canadienne des Télécommunications transmarines a été consacrée en 1950, bien que les discussions qui devaient lui permettre de voir jour remontent au début des années

En effet, une étude approfondie du système de télécommunications du Commonwealth fut recommandée à la *Commonwealth Telegraphs Conference*, tenue en 1942 en Australie, en vue d'assurer le développement des télécommunications sans fil et leur coordination efficace avec les télécommunications par câble. Le Conseil des communications du Commonwealth (CCC) entreprit cette étude et en vint à la conclusion que tous les gouvernements du Commonwealth devaient rationaliser leurs services respectifs de télécommunications outre-mer. C'est ainsi que le Parlement canadien ratifiait en 1949 la Loi sur la Société canadienne des Télécommunications transmarines et que la Société entra en opération le 1^{er} avril 1950 sous la direction du ministère des Transports; elle relève du ministère des Communications depuis 1969.

Mandat

Le mandat de la SCTT consiste à établir, à maintenir et à exploiter les services de télécommunications extérieures du Canada; à fournir au public les services radiotélégraphiques, radiotéléphoniques, de câbles sous-marins ou autres entre le Canada et l'étranger; à utiliser toutes les techniques de transmission ou de réception afin de satisfaire la demande du public; poursuivre des recherches afin d'améliorer l'efficacité des télécommunications en général; enfin, à coordonner les services de télécommunications extérieures du Canada avec ceux d'autres pays.

Origine

La courte existence de la SCTT a coïncidé avec un quart de siècle de changements et de progrès technologiques. En 1950, conformément à son mandat, la Société acquérait les installations outre-mer existant au Canada, les trois circuits télégraphiques et les circuits télégraphiques assurant le service radiotéléphonique entre le Canada, le Royaume-Uni et les Indes, et un service télégraphique à destination du Royaume-Uni, de l'Aus-

COTC'S First Twenty-five Years

Canadian Overseas Telecommunication Corporation was established 25 years ago, in 1950, but the discussions leading to its creation date back to the early 1940s. In fact, the Corporation owes its conception to the Commonwealth Telegraphs Conference held in Australia in 1942 which initiated a review of the Commonwealth communications system to ensure future provision for the development of wireless communication and proper coordination between wireless and cable communication. The Commonwealth Communications Council carried out the study and recommended public ownership of overseas telecommunication services by all Commonwealth governments. Thus, in 1949, the Canadian Parliament sanctioned The Canadian Overseas Telecommunication Corporation Act and the Corporation commenced operations on April 1, 1950, reporting to the Minister of Transport. Since 1969 when the department was formed, COTC has been reporting to the Minister of Communications.

Mandat

The Corporation's mandate is to establish, maintain and operate in Canada and elsewhere external telecommunication services for the conduct of public communications; to carry on the business of public communications by cable, radiotelegraph, radiotelephone or any other means of telecommunication between Canada and any other place; to make use of all developments in cable and radio transmission or reception for external telecommunication purposes as related to public communication services; to conduct investigations and research with the object of improving the efficiency of telecommunications generally; and to coordinate Canada's external communication services with those of other nations.

Le Début

COTC's short existence has spanned a quarter-century incomparable in history for change and technological progress. In 1950, in keeping with its mandate, the Corporation expropriated the existing overseas facilities

SCTT: Cinco lustros al servicio del público

Creada en 1950, la Sociedad Canadiense de Telecomunicaciones Transmarinas tiene hoy 25 años, pero las discusiones que dieron lugar a su creación empezaron a principios de los años 40. En realidad, la Sociedad tuvo su origen en la Commonwealth Telegraphs Conference, celebrada en Australia en 1942; esta conferencia empezó a examinar el sistema de comunicaciones del Commonwealth en previsión del futuro desarrollo de las comunicaciones sin hilos y para la coordinación apropiada entre éstas y las comunicaciones por cable. El Consejo de Comunicaciones del Commonwealth (CCC) llevó a cabo dicho estudio y recomendó que cada gobierno del Commonwealth fuese dueño de los servicios de telecomunicaciones transmarinas de su país. Así, en 1949, el Parlamento canadiense adoptó la Ley de la Sociedad Canadiense de Telecomunicaciones Transmarinas. La Sociedad empezó a funcionar el 1^o de abril de 1950, bajo la autoridad del ministro de Transportes. Desde 1969, año de la creación del Ministerio de Comunicaciones, la SCTT depende de este nuevo ministerio.

Mandato

El mandato de la Sociedad es el de establecer, mantener y explotar en el Canadá servicios de telecomunicaciones con el extranjero para las comunicaciones públicas; asegurar dichas comunicaciones por medio del cable, de la radiotelegrafía y la radiotelefonía u otros medios de telecomunicaciones, entre el Canadá y cualquier otro lugar; utilizar todos los adelantos en el campo de la transmisión o recepción por cable o por radio con fines de telecomunicaciones con el exterior, para las comunicaciones públicas; llevar a cabo estudios e investigaciones con el fin de mejorar las telecomunicaciones en general; coordinar los servicios canadienses de telecomunicaciones con el exterior con los servicios correspondientes de otras naciones.

Los comienzos

El cuarto de siglo de vida de la SCTT coincidió con un período de cambios y de progreso tecnológico. En 1950, en virtud de su mandato, la

tralie, de la Barabde, de New-York et de Saint-Pierre et Miquelon. La part canadienne de la *Cable and Wireless Limited* comprenait les bureaux du *Pacific Cable Board* au 204, rue de l'Hôpital à Montréal et les stations d'aboutissement de câbles à Harbour-Grace (Terre-Neuve), Halifax (Nouvelle-Écosse) et Bamfield (Colombie-Britannique). Les installations de télécommunications outre-mer de la *Canadian Marconi* comprenaient un bureau central de télégraphie au 211, rue Saint-Sacrement à Montréal et deux stations au Québec: une station de réception radioélectrique à haute fréquence à Yamachiche et une autre de transmission à Drummondville. En outre, la Société possède à présent trois stations terminales internationales, trois stations terriennes de télécommunication par satellite, six stations terminales de câble, un dépôt de câbles et cinq bureaux de marketing, sans oublier son Siège social qui se situe toujours à Montréal. Elle dispose, à l'heure actuelle, d'un système moderne de télécommunications internationales qui assure aux Canadiens des services de téléphonie, de télégraphie, de télex, de télétransmission d'images et de données avec pratiquement tous les pays du monde au moyen de raccordements à des réseaux mondiaux de câbles sous-marins, de circuits radioélectriques à haute fréquence et de circuits par satellite reliant tous les continents.

Le service télégraphique continua à prendre de l'ampleur au début des années 50 et dépassa de loin le service téléphonique en qualité et en quantité, comme cela avait été le cas avant la fondation de la SCTT. Toutefois, cette orientation fut inversée lors de l'avènement du câble coaxial. Le premier câble téléphonique multifonctionnel à grande distance, TAT 1, fut posé en 1956 à travers l'Atlantique entre Oban (Écosse) et Clarenville (Terre-Neuve). Bien que n'exploitant aucune des stations terminales du parcours, la SCTT fut l'un des quatre copropriétaires de ce câble avec le *Post Office du Royaume-Uni*, l'*American Telephone and Telegraph Company* et l'*Eastern Telephone and Telegraph Company*. Sur les 36 circuits disponibles, six circuits et demi furent réservés au Canada (six pour le téléphone, et un demi-circuit pour douze circuits télégraphiques). Outre la qualité du service téléphonique, le câble

in Canada which amounted to three telephone and 13 telegraph circuits providing telegraph service with the United Kingdom, Australia, Barbados, New York, St. Pierre and Miquelon, and radiotelephone service with the United Kingdom and the West Indies. The Canadian assets of Cable and Wireless Limited consisted of the Pacific Cable Board offices at 204 Hospital Street in Montréal and telegraph cable terminals in Harbour Grace, Newfoundland, Halifax, Nova Scotia, and Bamfield, British Columbia. Canadian Marconi's overseas telecommunication facilities were a central telegraph office at 211 St. Sacrement Street in Montréal, a HF radio receiving station at Yamachiche and a transmitting station at Drummondville, all in Québec. Today there are three international gateways, three satellite earth stations, six cable terminals, one cable depot, and five Marketing offices, with corporate headquarters still in Montréal. Over the 25-year span, COTC has built up a modern international telecommunications system providing Canadians not only with telephone and telegraph service but also with telex, video, facsimile and data transmission services to just about every country in the world through interconnections with global networks of submarine cables, satellite circuits and high-frequency radio circuits.

As had been the case before COTC was formed, telegraph service continued to increase in the early 1950's and by far surpassed telephone service in quality and quantity. The trend was reversed, however, with the advent of the coaxial cable TAT 1 in 1956. This first long-distance and multi-purpose submarine cable in the world was laid across the Atlantic between Oban, Scotland, and Clarenville, Newfoundland. Although not

Admirant le slogan *Via Canadian* en 1950, on aperçoit, assis, feu D. L. Howard, Président fondateur de la SCTT et M. D. F. Bowie, alors Adjoint administratif au Président, qui lui succéda en 1951 et dirigea la SCTT jusqu'à sa retraite en 1971.

Admiring the new via "Canadian" slogan in 1950 are (seated) the late D. L. Howard, founding President of COTC, and D. F. Bowie, then Executive Assistant to the President, who succeeded Mr. Howard in 1951 and served as President until his retirement in 1971.

Admirando el nuevo lema publicitario "Via Canadian" en 1950 aparecen (sentado) el difunto D. L. Howard, presidente fundador de la SCTT y el Sr. D. F. Bowie, en aquel entonces asistente del presidente, que sucedió a éste en 1951 y ocupó el cargo de presidente hasta su propia jubilación en 1971.

Sociedad expropió las instalaciones de telecomunicaciones transmarinas que existían en el Canadá: tres circuitos telefónicos y trece telegráficos que aseguraban el servicio telegráfico con el Reino Unido, Australia, Barbados, Nueva York y St. Pierre y Miquelón, y el servicio radiotelefónico con el Reino Unido y las Antillas. Los bienes en el Canadá de la compañía Cable and Wireless comprendían las oficinas del Pacific Cable Board situadas en Montréal (Calle Hôpital, 204) y las estaciones terminales de cable telegráfico en Harbour Grace (Terranova), en Halifax (Nueva Escocia) y en Bamfield (Colombia Británica). Las instalaciones de telecomunicaciones transmarinas de la Canadian Marconi constaban de una oficina central de télografos en Montréal (Calle Saint-Sacrement, 211), de una estación de recepción de radio de alta frecuencia en Yamachiche y una estación de transmisión en Drummondville, ambas en el Québec. Hoy existen, además, tres estaciones terminales internacionales, tres estaciones terrenas de telecomunicaciones por satélite, seis estaciones terminales de cable, un depósito para cables y cinco oficinas de comercialización; la Sede está aún ubicada en Montréal. Durante este periodo de 25 años, la SCTT ha construido un sistema moderno de telecomunicaciones internacionales que ofrece a los canadienses servicios telefónicos y telegráficos y, además, servicios de telex y de transmisión de imágenes y de datos a casi todos los países del mundo, por



axial TAT 1 rendait possible, pour la première fois, la transmission d'images, la radiodiffusion de programmes et le service international télex.

âbles

Depuis 1956, la SCTT a participé à la pose de cinq autres câbles sous-marins, en commençant par les premiers jalons du réseau mondial de câbles sous-marins du Commonwealth, le câble transatlantique CANTAT en 1961 et le câble du Pacifique COMPAC en 1963. Ces deux systèmes sont reliés par un acheminement à microondes loué d'entreprises canadiennes. En 1962, de concert avec la *Great Northern Telegraph Company* du Danemark, la SCTT posait le câble ICECAN reliant Terre-Neuve au Groenland et l'Islande. Bien que ne possédant pas la station terminale pour le SEACOM, le système de câbles du Commonwealth permettant accès à l'Asie du Sud-Est),

operating any of the terminal stations on the route, COTC was one of the four joint owners along with the British Post Office, American Telephone and Telegraph Company and Eastern Telephone and Telegraph Company. Of the 36 circuits, six and one half were assigned for Canadian use (i.e. six for telephone and the half for 12 telegraph circuits). In addition to quality telephone service, the TAT 1 coaxial cable also provided, for the first time, picture transmission, broadcast programs, and international telex service.

Coaxial Cables

Since 1956, COTC has participated in the installation of five more submarine cables, starting with the first links in the Commonwealth globe-circling system of submarine cables, the transatlantic cable CANTAT in 1961 and the Pacific cable COMPAC in 1963. Interconnection of the CANTAT and COMPAC systems is provided by a microwave route leased from the Canadian domestic

medio de interconexiones con redes mundiales de cables submarinos, circuitos de satélites y circuitos de radio de alta frecuencia.

Al igual que antes de la creación de la SCTT, el servicio telegráfico siguió aumentando a principios de los años 50 y sobrepasó considerablemente el servicio telefónico en calidad y en cantidad. Sin embargo, esta tendencia cambió con la introducción del cable coaxial TAT 1 en 1956. Este cable submarino de larga distancia, destinado a múltiples usos, que era el primero en el mundo, se instaló en el Atlántico entre Oban (Escocia) y Clarenville (Terranova). Aunque ninguna de las estaciones terminales de dicha ruta pertenecía a la SCTT, nuestra Sociedad era uno de los copropietarios, con el Servicio de Correos del Reino Unido, la American Telephone and Telegraph Company y la Eastern Telephone and Telegraph Company. De los 36 circuitos, seis y medio estaban reservados para el Canadá (seis para circuitos telefónicos y medio circuito para uso telegráfico). El cable coaxial TAT 1 ofrecía un servicio telefónico de calidad y permitía además, por primera vez, la transmisión de imágenes y de emisiones de radio y ofrecía también un servicio internacional de telex.

Cables

Desde 1956, la SCTT ha participado en la instalación de cinco nuevos cables submarinos, empezando con los primeros elementos del sistema mundial de cables submarinos del Commonwealth: el cable transatlántico CANTAT en 1961 y el cable transpacífico COMPAC en 1963. La interconexión entre los sistemas CANTAT y COMPAC se lleva a cabo por medio de una ruta de microondas que se alquila de empresas canadienses. En 1962, la SCTT puso en servicio el cable ICECAN entre Terranova y Groenlandia e Islandia, que había sido instalado en colaboración con la Compañía de Telégrafos del Gran Norte, de Dinamarca. La SCTT

Le Président de la SCTT, M. D. F. Bowie, baptise le premier câble transatlantique coaxial TAT 1 en 1955, à bord du H.M.T.S. *Monarch* à Clarenville, Terre-Neuve. La bouteille contenait de l'eau de la baie de Heart's Content, site de la station terminale canadienne du premier câble télégraphique transatlantique posé avec succès en 1866.

In 1955, COTC President D. F. Bowie christened the first transatlantic coaxial cable TAT 1 aboard the H.M.T.S. "Monarch" at Clarenville, Newfoundland. The bottle contained water from the bay at Heart's Content, Canadian terminal of the first successful transatlantic telegraph cable in 1866.

En 1955, el Sr. D. F. Bowie, presidente de la SCTT, bautizó el primer cable coaxial transatlántico TAT 1, a bordo del H.M.T.S. "Monarch" en Clarenville (Terranova). La botella contenía agua traída de la bahía en Heart's Content, estación terminal canadiense del primer cable telegráfico transatlántico instalado en 1866.



L'honorable Lionel Chevrier, Ministre des Transports en 1950, observant M. W. J. Henry qui transmet un message aux Antilles du bureau de télégraphie de la SCTT à Halifax.

Hon. Lionel Chevrier, Minister of Transport in 1950, watching W. J. Henry at the West Indies transmitting position in COTC's Halifax telegraph office.

El Sr. Lionel Chevrier, ministro de Transportes en 1950, observando al Sr. W. J. Henry en el sector de transmisión hacia el Caribe, en la oficina de telégrafos de la SCTT en Halifax.

La SCTT en est l'un des propriétaires. Le câble Canada-Bermudes représentant une autre liaison du réseau du Commonwealth fut posé en 1970. En prévision de ses besoins futurs et de concert avec son homologue du Royaume-Uni, la SCTT a installé et mis en service en 1974 le plus grand câble coaxial transocéanique au monde, CANTAT 2. Les techniques les plus modernes ont servi à la fabrication et à la pose de ce câble de 1 840 circuits, soit un nombre de circuits supérieur à celui de l'ensemble des câbles transatlantiques actuellement en service dans l'Atlantique Nord: CANTAT 2 représente, à n'en pas douter, un pas de géant par rapport au câble TAT 1 de 36 circuits posé en 1956.

En vertu d'une entente à long terme avec le ministère des Transports, la SCTT nolisé le CCGS *John Cabot*, câblé brise-glace de la Garde côtière canadienne, pour la réparation des câbles dans la région occidentale de l'Atlantique Nord.

Satellites

Moins de dix ans après la naissance du câble coaxial qui avait révolutionné la transmission téléphonique outre-mer, les télécommunications connaissaient un essor encore plus prodigieux avec l'avènement des satellites. La SCTT était incontestablement à l'avant-garde en tant que l'un des onze premiers membres de l'Organisation internationale de télécommunications par satellites (INTELSAT) qui fut créée le 1^{er} août 1964 afin d'exploiter un réseau mondial commercial de télécommunications par satellites. En 1965, les pays membres d'INTELSAT possédaient une antenne dans chacune des cinq stations terriennes situées dans autant de pays. Pour exploiter des circuits vers l'Europe par le truchement du premier satellite, *Early Bird*, la SCTT utilisa la station terrienne américaine d'Andover (Maine) en attendant l'achèvement de la station terrienne expérimentale de Mill-Village (N.-É.) aménagée par le ministère des Transports. Bien qu'appartenant alors à ce ministère, la station de Mill-Village était exploitée commercialement par la SCTT. La Société fit plus tard l'acquisition de la station, la modernisa et en construisit une deuxième au même endroit en 1969, puis une troisième à Lake-Cowichan (Colombie-Britannique), en 1972. INTELSAT compte à présent quelque 91 pays membres (qui possèdent 111 antennes et 88 stations ter-

riers. En conjonction avec the Great Northern Telegraph Company of Denmark, COTC installed the ICECAN cable linking Newfoundland with Greenland and Iceland in 1963. Although not involved in any of the terminal stations, COTC is a joint owner of the Commonwealth SEACOM cable to Southeast Asia which was commissioned in 1966. Another link in the Commonwealth network is the Canada-Bermuda cable laid in 1970. Recently completed and in service since April 1974 is CANTAT 2, a joint project of Canada and Great Britain. This 1840-circuit cable has a greater capacity than all existing transatlantic cables in the North Atlantic combined and is indeed a far cry from the 36-circuit TAT cable laid in 1956.

Under a long-term agreement with the Ministry of Transport, COTC charters the CCGS *John Cabot*, a combination icebreaker/cable ship, to repair cables in the western North Atlantic.

Satellites

Less than ten years after the coaxial cable brought about the first major breakthrough in overseas telephone transmission, the communications satellite became a reality. COTC was in the forefront as one of the initial 11 members of the International Telecommunications Satellite Organization (INTELSAT) which was established on August 1, 1964, to operate a global commercial communications satellite system. By 1965, INTELSAT member countries had five antennas at five earth stations in five countries. To operate circuits to Europe via the first "Early Bird" satellite, COTC used the American earth station at Andover, Maine, pending completion in 1966 of the experimental earth station at Mill Village, Nova Scotia, by the Department of Transport. Although owned at the time by the DOT, the Mill Village station was operated commercially by COTC. The Corporation later acquired the Mill Village earth station from DOT, modernized it, built a second one at Mill Village

En plus du service téléphonique, le câble TAT 1 permettait, pour la première fois, la transmission de photos-facsimilés outre-mer.

In addition to telephone service, the TAT 1 cable provided the first transatlantic photo facsimile service.

Además del servicio telefónico, el cable TAT 1 ofrecía el primer servicio transatlántico de transmisión de facsimiles.

es también copropietaria del cable del Commonwealth para el Sureste asiático (SEACOM), instalado en 1966 aunque nuestra Sociedad no interviene en ninguna de las estaciones terminales de dicho sistema. El cable Canadá-Bermuda, instalado en 1970 constituye otro elemento de la red del Commonwealth. Se terminó recientemente un proyecto común del Canadá y del Reino Unido: CANTAT que entró en servicio en abril de 1974. Este cable de 1 840 circuitos tiene mayor capacidad que todos los cables del Atlántico Norte combinados; constituye, naturalmente, un adelanto extraordinario comparado con el cable TAT de 36 circuitos instalado en 1956.

En virtud de un acuerdo a largo plazo con el Ministerio de Transportes, la SCTT utiliza el rompehielos y cableador CCGS "John Cabot" para reparar cables en la región occidental del Atlántico Norte.

Satélites

Menos de diez años después de la introducción del cable coaxial que revolucionó la transmisión telefónica transmarina, el satélite de telecomunicaciones se convirtió en una realidad. La SCTT estaba en la vanguardia, pues fue uno de los once primeros miembros de la Organización Internacional de Telecomunicaciones por Satélite (INTELSAT), creada el 1^o de agosto de 1964 para desarrollar un sistema mundial de telecomunicaciones comerciales por satélite. En 1965, los países miembros de INTELSAT tenían cinco antenas en cinco esta-



nnés dans 64 pays) et le Canada tient la huitième part d'investissement la plus considérable de cet organisme dans le secteur spatial.

Early Bird a été suivi par les générations de satellites II, III et IV à accès multiple, en orbite géostationnaire, et placés au-dessus de l'Atlantique, du Pacifique et de l'océan Indien à une altitude de 22,300 milles au-dessus de l'équateur. Ces satellites assurent une transmission mondiale instantanée.

Ces satellites n'ont aucunement réduit l'efficacité des câbles. En fait, les deux systèmes sont complémentaires et rééquilibrent le trafic à parts égales. Les satellites permettent des émissions radioélectriques et sont préférables pour la transmission de données à large bande, les câbles fournissant d'autre part d'excellents services téléphoniques. Si l'un des systèmes tombe en panne, l'autre est disponible pour réacheminer le trafic.

Le but de suivre le rythme d'expansion des installations de télécommunications entre le Canada et les autres pays, la SCTT a mis en service un équipement terminal hautement perfectionné, des centres de commutation téléphonique automatique, la télégraphie commandée par ordinateur, des installations télex, des circuits pour service privé (AUTOCOM) et un équi-

in 1969, and a third at Lake Cowichan, British Columbia, in 1972. Today, INTELSAT numbers include 91 member countries, 111 antennas at 88 earth stations in 64 countries and Canada has the eighth largest investment share in the space segment.

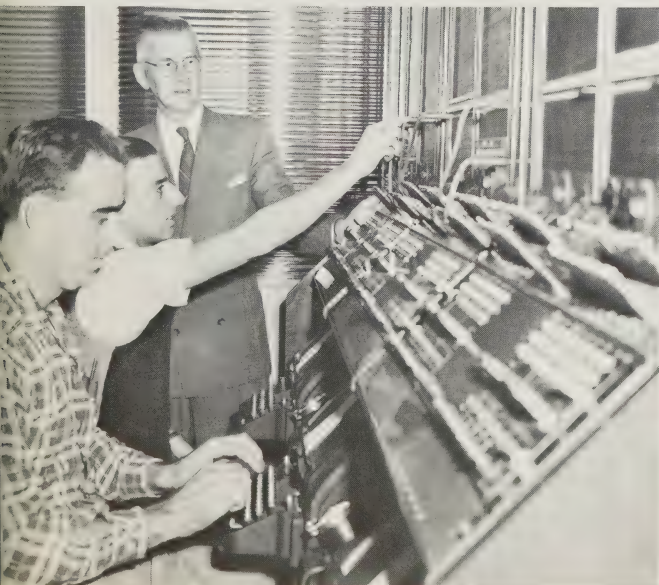
The first satellite "Early Bird" has been superseded by a second, third and fourth generation of multiple access satellites in geostationary orbit 22,300 miles above the Atlantic, Pacific, and Indian oceans, thus providing instant global coverage.

Satellites have by no means reduced the effectiveness of cables as the two systems have been found to be complementary and traffic is divided more or less equally between them. Satellites provide television broadcasts, cables offer excellent telephone service, satellites are better suited for transmission of wide-band data and, should either system fail temporarily, the other is available for rerouting traffic.

To keep pace with the expansion of overseas facilities from Canada, COTC has introduced sophisticated terminal equipment, automatic telephone switching centres, computer-controlled telegraph, telex and private wire (AUTOCOM) operations, and video and data transmission facilities.

ciones terrenas, situadas en países diferentes. Antes de terminarse en 1966 la construcción de la estación terrena experimental de Mill Village (Nueva Escocia) por el Ministerio de Transportes, la SCTT utilizó la estación terrena norteamericana de Andover (Maine) para servirse de los circuitos dirigidos hacia Europa por medio del primer satélite "Early Bird". La SCTT utilizó para fines comerciales la estación de Mill Village, que pertenecía entonces al Ministerio de Transportes. Más tarde, nuestra Sociedad adquirió esta estación de dicho Ministerio y la modernizó, construyendo luego otra en la misma localidad en 1969 y una tercera en Lake Cowichan (Colombia Británica) en 1972. Hoy INTELSAT reúne unos noventa países miembros y tiene a su alcance 111 antenas en 88 estaciones terrenas, situadas en 64 países. El Canadá ocupa el octavo puesto por sus inversiones en el sector espacial. El primer satélite "Early Bird" fue reemplazado por satélites de múltiple acceso de la segunda, tercera y cuarta generaciones, situados en órbitas geoestacionarias a 22 300 millas de altitud encima de los océanos Atlántico, Pacífico e Índico, permitiendo así un servicio instantáneo realmente mundial.

Los satélites no han eliminado los



Le premier central international télex au nouveau Siège social de la Société à Montréal au 625, rue Belmont, en 1956.

The first international telex exchange was located in COTC's new headquarters at 625 Belmont in Montréal in 1956.

La primera central internacional de telex se hallaba en 1956 en la nueva Sede de la SCTT en Montréal (Calle Belmont, 625).

Un des préposés à la livraison des télégrammes de la SCTT en 1960.

A COTC telegraph messenger in 1960.

Un mensajero de telegramas de la SCTT en 1960.



pement pour la télétransmission d'images et de données.

La fiabilité par la diversité étant un principe fondamental de l'exploitation d'un réseau de télécommunications, la SCTT se devait de varier les voies et de fournir, en cas d'urgence, d'autres acheminements à ses deux stations terminales internationales à Montréal et à Vancouver. La station terminale de Toronto fut donc inaugurée en 1974 afin d'acheminer le trafic entre le centre de l'Ontario et l'Europe.

Comités et organismes internationaux

La collaboration avec d'autres organismes et associations de télécommunications, nationaux et étrangers, et avec le gouvernement canadien et ceux d'autres pays, a marqué l'histoire de la SCTT. À cause de la nature de ses services et vu que la gestion de ses affaires dépend en grande partie des accords conclus avec des administrations étrangères et nationales, la SCTT doit participer activement aux travaux d'organismes internationaux et nationaux comme INTELSAT, le Conseil des Télécommunications du Commonwealth (CTC), le *Commonwealth Cable Management Committee*, l'Union internationale des télécommunications, l'Association canadienne des entreprises de télécommunications et de nombreux comités et sous-comités

Inauguration de COMPAC en 1963 par feu le très honorable Lester B. Pearson. À l'avant, de gauche à droite: l'honorable Paul Martin, Secrétaire d'État aux Affaires extérieures; M. D. F. Bowie, Président de la SCTT; l'honorable George J. McIlraith, Ministre des Transports et l'honorable Lionel Chevrier, Ministre de la Justice. À l'arrière, de gauche à droite: M. Stanhope Reid, Sir Henry Lintott et M. D. O. Hay, respectivement hauts-commissaires de la Nouvelle-Zélande, du Royaume-Uni et de l'Australie, représentant les pays associés.

Providing for reliability through diversity is a basic principle of operating a communications network so COTC recently looked to Toronto as a logical location in which to diversify or, in a case of emergency, to provide alternate traffic routes from the Corporation's two other international gateways in Montréal and Vancouver. The Toronto Gateway was opened in 1974 to handle traffic between central Ontario points and Europe.

International Forums

COTC's history has been one of cooperation with other telecommunications agencies, Canadian and foreign governments, and telecommunications associations in Canada and abroad. Due to the nature of its services and considering that the management of its business is, to a large degree, based on arrangements made with foreign and domestic administrations, COTC must participate actively in a number of international and domestic organizations such as INTELSAT, the Commonwealth Telecommunications Council, the Commonwealth Cable Management Committee, the International Telecommunication Union, the Canadian Telecommunications Carriers Association, and many related

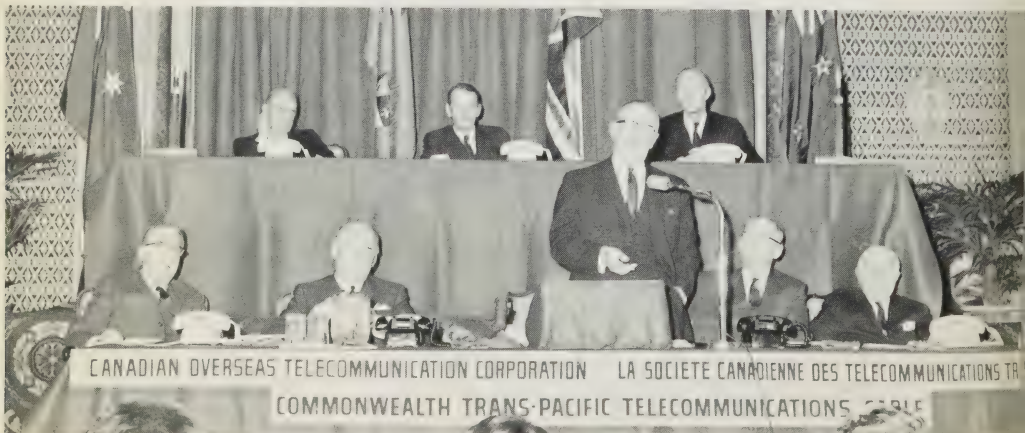
The late Rt. Hon. Lester B. Pearson inaugurated the transpacific cable COMPAC in 1963 in the presence of (front row, l. to r.): Hon. Paul Martin, Secretary of State for External Affairs; D. F. Bowie, COTC President; Hon. George J. McIlraith, Minister of Transport; Hon. Lionel Chevrier, Minister of Justice, and (back row, l. to r.) Mr. Stanhope Reid, New Zealand High Commissioner; Sir Henry Lintott, British High Commissioner; and Mr. D. O. Hay, Australian High Commissioner; all representing the partner countries.

cables, puesto que los dos sistemas se completan; el tráfico se reparte más o menos igualmente entre ambos. Los satélites sirven para la transmisión de la televisión, mientras que los cables ofrecen un excelente servicio telefónico; los satélites son más útiles para la transmisión de datos por banda ancha. Por otra parte, si uno de los sistemas falla temporalmente, se utiliza el otro para eliminar el tráfico.

La SCTT ha introducido un equipo terminal muy perfeccionado, centros automáticos de conmutación telefónica, operaciones informatizadas de telégrafos, telex y de líneas privadas (AUTOCOM), e instalaciones para la transmisión de imágenes y de datos, para mantenerse al mismo ritmo de expansión que el de los sistemas de telecomunicaciones de los demás países.

La diversidad de las instalaciones, que puede asegurar un buen servicio, constituye uno de los principios básicos para el buen funcionamiento de toda red de telecomunicaciones; así, la SCTT escogió recientemente la ciudad de Toronto como un punto lógico para sus nuevas instalaciones, pudiendo en caso de emergencia

El primer ministro del Canadá Lester B. Pearson, hoy fallecido, inauguró el cable transpacífico COMPAC en 1963 en presencia de las personas siguientes: (fila delantera, de izquierda a derecha) los Señores Paul Martin, secretario de Estado de Relaciones Exteriores, D. F. Bowie, presidente de la SCTT, George J. McIlraith, ministro de Transportes y Lionel Chevrier, ministro de Justicia; (en el fondo, de izquierda a derecha) los Señores embajadores Stanhope Reid, Sir Henry Lintott y D. O. Hay, altos comisionados de Nueva Zelanda, del Reino Unido y de Australia respectivamente y representantes de países miembros.



CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

LA SOCIÉTÉ CANADIENNE DES TÉLÉCOMMUNICATIONS TR

COMMONWEALTH TRANS-PACIFIC TELECOMMUNICATIONS CABLE

nnexes. Le champ d'activité de ces organismes et comités englobe tous les aspects des télécommunications et sur le plan de la technique et de l'exploitation que sur le plan financier.

En 1950 à 1975, le nombre des employés de la SCTT a plus que triplé. Il est passé de 306 à 1,047 et 64 d'entre eux travaillent à la Société depuis sa fondation.

Il y eurent les premières vingt-cinq années de la SCTT. La Société prévoit de nouvelles innovations et des progrès encore plus remarquables. La demande toujours croissante de télécommunications entre-mer incite la Société ainsi que les autres organismes de télécommunications à rechercher des techniques nouvelles et plus perfectionnées pour améliorer le trafic mondial. Le personnel hautement qualifié de la SCTT participe donc à de nombreux projets visant à accroître la capacité de transmission du trafic, à améliorer les services et à contribuer à l'essor de la technologie des télécommunications.

committees and subcommittees. The activities of these organizations and committees cover all aspects of telecommunications in the technical, operational and financial fields.

COTC's employee population has more than tripled from 306 in 1950 to 1,047 at the end of the past fiscal year, and 64 of the 1,047 have been with the Corporation since its founding.

Such has been the past. The Corporation is now looking forward to even greater change and progress. The ever-increasing demand for overseas communications is pressing the Corporation, and indeed all telecommunications entities, to investigate newer and more efficient techniques to carry traffic around the globe. With the help of highly skilled personnel, COTC is involved in many projects to increase traffic-carrying capability, improve services, and contribute to the advancement of communications technology.

La première station terrestre expérimentale de télécommunication par satellite au Canada construite par le ministère des Transports en 1964 à Mill Village, Nouvelle Écosse. Le radome en dactron de 95 pieds de diamètre couvre une antenne parabolique de 85 pieds de diamètre du type Cassegrain.

Canada's first satellite earth station was built as an experiment by the Department of Transport at Mill Village, N.S. in 1964. The 95-foot dactron radome covers an 85-foot Cassegrain-type dish. COTC operated the station commercially, purchased it in 1972 and modernized it in 1975 to meet INTELSAT standards.

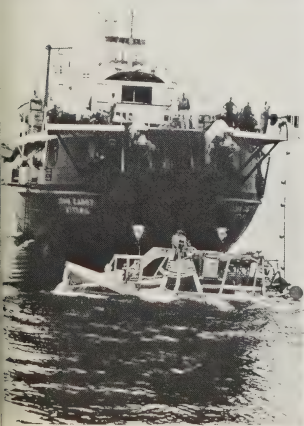
La primera estación terrena de telecomunicaciones por satélite del Canadá fue construida como un experimento por el Ministerio de Transportes en Mill Village (Nueva Escocia) en 1964. El radomo de 95 pies, hecho de dactron, cubre una antena parabólica de 85 pies del tipo Cassegrain.



En 1973, une nouvelle technique est utilisée pour la pose, sur le plateau continental canadien, de CANTAT 2, le plus récent des câbles transatlantiques. On voit ici le navire de la Garde côtière canadienne, le *John Cabot*, abaissant la charrette de 16 tonnes qu'il remorquait afin d'enfourer le câble à 18 pouces de profondeur au fond de la mer et de le protéger contre les chalutiers. Le câblage était suivi par un mini-sous-marin, *Pisces V*, dont le rôle consistait à enfourer les répéteurs de 10 pieds laissés à découvert par la charrette.

A new technique was used to lay the latest transatlantic cable CANTAT 2 across the Canadian continental shelf in 1973. Here the CCGS *John Cabot* lowers the 16-ton plow which it towed to bury the cable 18 inches into the seabed to protect it from damage by fishing trawlers. A mini-submersible *PISCES V* followed to bury the 10-foot repeaters left uncovered by the plow because of their size.

Se utilizó una nueva técnica para instalar el cable transatlántico más reciente, CANTAT 2, en la meseta continental canadiense en 1973. Aquí vemos el CCGS "John Cabot" de los Guardacostas canadienses mientras baja un arado de 16 toneladas que luego arrastrará para enterrar el cable a 18 pulgadas de profundidad en el fondo marino para protegerlo contra los pesqueros de arrastre. Un submarino miniatura, el *Pisces V*, seguía para enterrar los repetidores de diez pies que el arado había dejado al descubierto debido a su tamaño.



ofrecer rutas adicionales que se agregarán a las de las estaciones terminales internacionales de la Sociedad de Montreal y de Vancouver. La estación de Toronto fue inaugurada en 1974 para asegurar el tráfico entre las localidades del centro de Ontario y Europa.

Comités y organismos internacionales

La historia de la SCTT refleja la cooperación que existe con otros organismos de telecomunicaciones, con los gobiernos del Canadá y del extranjero y con las asociaciones de telecomunicaciones del país y del exterior. Debido a la naturaleza de sus servicios y al hecho de que su funcionamiento depende, en gran parte, de arreglos concertados con organismos nacionales y extranjeros, la SCTT debe participar activamente en varios organismos nacionales e internacionales como INTELSAT, el Consejo de Telecomunicaciones del Commonwealth, el Commonwealth Cable Management Committee, la Unión Internacional de Telecomunicaciones, la Asociación Canadiense de Empresas de Telecomunicaciones y muchos comités y subcomités afines. Las actividades de dichos organismos y comités cubren todos los aspectos de las telecomunicaciones en los campos técnico y financiero, así como en el de la explotación.

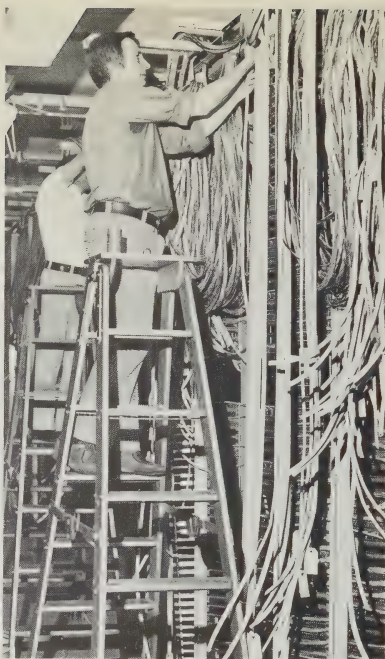
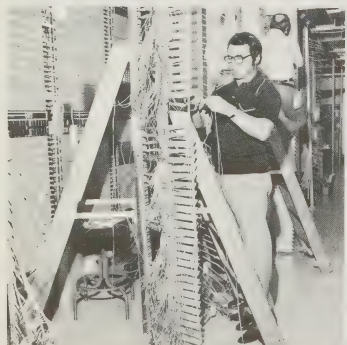
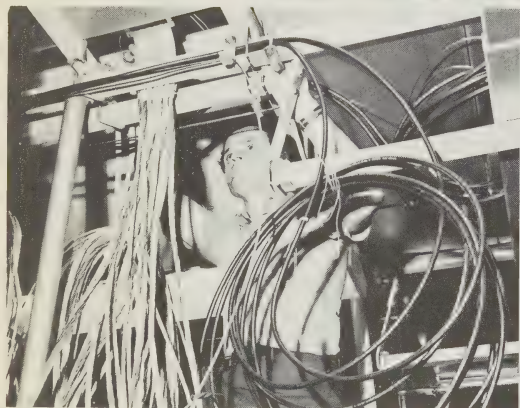
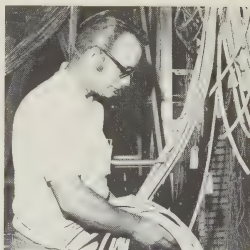
El número de empleados de la SCTT se ha más que triplicado a fines del último ejercicio, pasando de 303 en 1950 a 1 047, de los cuales 64 han trabajado en la Sociedad desde su fundación.

Esta es la historia de nuestros cinco lustros de vida. La SCTT se vuelve hacia el futuro dispuesta a hacer frente a cambios y progresos todavía mayores. La demanda creciente en el campo de las telecomunicaciones transmarinas nos obliga, como sucede con todos los organismos de telecomunicaciones, a buscar nuevas técnicas más eficaces para llevar las comunicaciones a todos los rincones de la tierra. La SCTT trabaja, gracias a un personal muy especializado, en muchos proyectos para aumentar su capacidad, mejorar sus servicios y contribuir al adelanto de la tecnología en el campo de las telecomunicaciones.

Le nouveau centre de commutation téléphonique de la SCTT se prépare pour les Jeux Olympiques.

Installing a new telephone switching centre in time for the Olympics.

El nuevo centro de conmutación telefónica de la SCTT se está preparando para los Juegos Olímpicos.





Une illustration de l'Édifice de l'Alliance au 680 ouest, rue Sherbrooke, à Montréal, où sera logé le Siège social de la Société dès le début de l'année 1976.

A sketch of the Alliance Building at 680 Sherbrooke Street West in Montréal to which our Headquarters will be moving early in 1976.

Representación del Edificio "Alliance", calle Sherbrooke oeste, 680, en Montréal, adonde se trasladará nuestra sede social a principios de 1976.



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